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## Legislative Assembly of Ontario

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## Assemblée législative de l'Ontario

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# Official Report of Debates (Hansard)

Friday 9 August 1996

# Journal des débats (Hansard)

Vendredi 9 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
Clerk: Donna Bryce

Président : Gerry Martiniuk  
Greffière : Donna Bryce



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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Friday 9 August 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Vendredi 9 août 1996

*The committee met at 0820 in the Travelodge, Kenora.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996  
LOI DE 1996 RÉGISSANT LES ALCOOLS,  
LES JEUX ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** Good morning, ladies and gentlemen and members, to the continuation of the hearings of the standing committee on the administration of justice, considering Bill 75. The committee welcomes the local member, Frank Miclash. Could you say a few words, Mr Miclash?

**Mr Frank Miclash (Kenora):** Thank you very much, Mr Chair. First of all, I would like to extend my greetings to the members of the committee and the staff of the Legislature. As members will know, I pushed to ensure that the committee did get to Kenora, and I'm extremely pleased they've chosen Kenora as one of their locations.

I must remind the committee members who are in Kenora for the first time that we have a number of uniquenesses. We are the closest riding to Manitoba, as you will know — I share that provincial boundary — and also a riding which shares a boundary with the US to the south. I would ask you to consider some of the uniquenesses we have here in Kenora, and I just hope your stay in the community is a good one and that you come back. I'm happy that the committee is here and I certainly welcome you to the area.

**Mr Bruce Crozier (Essex South):** Chair, very briefly, we have with us today the mayor of Kenora, Joyce Chevrier. She's not listed as a delegation. I ask that the committee, through unanimous consent, see if we can, as a courtesy, find a spot somewhere on the program this morning for the mayor.

**The Chair:** Perhaps we can consider that as we proceed in the event that there are individuals who may not show up.

**Mr Crozier:** If we could at least get that consent so the mayor knows she might have an opportunity of getting on later.

**The Chair:** We also have a reeve of one of the townships present, to whom I spoke earlier. The difficulty is, ladies and gentlemen, that the list was prepared on a first come, first served basis. A number of individuals and organizations and representatives of municipalities unfortunately were not listed as a result of people phoning ahead of time. We did that hopefully to get a true representation, but many people have been disappointed. We have cut the presentations down from one half-hour to 20 minutes in order to hear more people. It has led to certain difficulties, with some people not being able to be heard or represent their organizations or municipalities.

Mr Crozier has made a request that this committee consider. We are leaving on a charter plane, so we have some small degree of flexibility. Is there any objection to perhaps setting 10 minutes aside somewhere during the morning to hear the mayor of the municipality in which this hearing is being held? I see no objection, and therefore I take it we have unanimous consent for that purpose. We'll arrange that some time during this morning.

## GAMANON

**The Chair:** If we may proceed, because I'm five minutes behind already, I welcome Judy Adamson, who represents GamAnon.

**Ms Judy Adamson:** As you know, my name is Judy Adamson. I'm from GamAnon, which is the support group of the families and friends of gamblers. The calls I've received in the last six months have increased from one every couple of months to one every couple of weeks. How many times have you heard, "I won \$100," "I won \$200," or "I won \$300"? I'm sure many times. But how often did you hear of the hundreds or thousands it took to get that amount? Did you ever hear how often their families were blamed and screamed at because they were angry at themselves for losing the mortgage money, the food money, the gas money? Did you hear the children quietly sobbing because they didn't understand why Mom and Dad were arguing again? Did you hear or see the frantic desperation, the terror of losing their family, the low self-esteem that brings on the thoughts of suicide?

How could it hurt to buy just one ticket or one bingo card or one pull on a machine? Most people say it's just one time, but for an addict it starts with one time. Who can eat one potato chip?

Instead of rejuvenating a city, a casino can actually kill other businesses by taking the money out of the economy. In Atlantic City, the poverty is still high, the population has shrunk and new jobs are mostly low-end



service positions. Casinos prey upon the economically disadvantaged and cause higher-income-bracket people to become economically irresponsible. Many jobs created at a casino are an offset of jobs lost from other businesses. A casino must draw at least 50% of its wages from tourists, otherwise it is simply a redistribution of money from the local economy. Some 75% of Winnipeg's casino patrons are local; 85% of Montreal's are from within the province. Do the owners of the casinos keep and invest all their money back into our towns, as our local businesses do?

Is government putting all its emphasis on the revenue grab while time and geography permit? Anyone who has been personally involved in a gambler's life would feel that government is also playing a fool's game and placing a bad bet. Thank you for listening. If anyone has any questions, I'll be glad to answer them.

**The Chair:** We will start with Mr Kormos this morning. You have five minutes.

**Mr Peter Kormos (Welland-Thorold):** Ms Adamson, thank you kindly, because obviously some of us on this committee have been attempting very much to focus on, among other things, the addictive quality of gambling and, more specifically, the highly addictive nature of slots.

Bill 75 isn't about casinos. I wasn't overly enthusiastic, by any stretch of the imagination, about the 1993 casino legislation. Casinos are a done deal now; they're status quo in the province of Ontario. This bill is about putting 20,000 slot machines, one for every 550 population, in the province of Ontario in every place but casinos, thus increasing the accessibility to them.

I just ask you to reflect on this. John Scarne, who's a long-time American expert on gambling, identifies three types of gamblers:

The occasional gambler who gambles from time to time on any number of games — and we've witnessed the growth of gambling; the last time the Tories were in power we saw the introduction of lottery tickets; so be it — and for whom it isn't any great attraction. Obviously, we don't have to be overly concerned about that type of person.

The professional or skilled gambler, who isn't going to bet slots because it's a sucker's game. It isn't a game; it's a pure game of chance. It's not like shooting craps or playing poker or even betting the horses. There are no winners in slots, there are only losers.

Then the pathological gambler, the addictive gambler or the potentially addictive gambler, for whom slots are ideal: They're fast, when they're in every place but a casino, as is proposed here, they're accessible, and by God, they could even be democratic, because you can have nickel slots, quarter slots, loonie slots. They have been identified — and we've heard opposition from, of course, the government — by any number of sources, UK, American and increasingly Canadian, as having the greatest potential for addictiveness.

Do you share that concern about slots in contrast to other, traditional forms of gambling?

**Ms Adamson:** I definitely do. A gambler will start out with the large-amount slots and when they know they're running low on money, they'll go to the nickel ones. It

doesn't stop. It starts with a penny. A flip of a coin is a bet. People don't realize that. I'm sure everyone here has made a bet, "I'll bet it's going to rain today." A bet is a bet.

**0830**

**Mr Kormos:** I suppose the real addiction here, the addiction as has been noted by several observers, is on the part of governments across North America, the addiction of governments to gambling as a means of raising revenue. Do you have programs for governments?

**Ms Adamson:** I wish I did.

**Mr Kormos:** I wish there was a quick fix.

Another consideration is that we have here a huge interest, and that is the great profits to be made in slots, not by the players but by the owners of the machines. It is an incredible multibillion-dollar industry in North America and indeed elsewhere in the world. I'm concerned because the same industry has been attempting to develop an image of playing the slots that it's entertainment, that it ranks with bowling or ice skating or tobogganing or visiting the theatre or watching a movie or listening to music or dancing, that it ranks with those things as entertainment. Part of me can't help but reflect on the fact that the gambling industry is doing the same thing now that the tobacco industry has done for decades, that is, trying to convince people that, "Oh no, it's not addictive, because nobody's telling you you have to smoke two packs a day" —

**The Chair:** Mr Kormos, I don't want to interrupt you. Because of the low ceilings, I find it very difficult to hear. If you must talk, please keep it right down, if you could.

**Mr Kormos:** Keep it down or up?

**The Chair:** Down.

**Mr Kormos:** I thought I was being sotto voce, Chair.

**The Chair:** No, I'm not talking about you; I'm talking about individuals who were talking while you were talking.

**Mr Kormos:** I thought I was being relatively moderate in my style.

Can you reflect on that at all for us?

**Ms Adamson:** All I can say is that with any type of gambling, whether it's VLTs, anything, if a gambler is going to gamble, they're going to gamble at any time anywhere, but as you say, these VLTs are just too easy to get at. On the way to work they can stop and gamble. They can run across the street while they're at work and gamble. It makes it too accessible.

**Mr Kormos:** And that's why the slot business wants those machines in places other than casinos.

**Ms Adamson:** Definitely.

**Mr Kormos:** They want it convenient, so as you're walking by it's in your face: the flashing lights, the razzle-dazzle. Probably some of the government members are going to say, "Do we underestimate the capacity of Ontarians to make choices?" No, I don't think we do.

**Ms Adamson:** I would like to say one thing. I don't know if the government is aware of the problems it's caused. There are too many agencies now that have to be involved because of the gamblers, because the families are the ones who are bumped. If you don't have any money, where do you go? If you can't get a job, where



do you go? In other words, all these agencies that are already taking care of alcoholics, people who are economically disadvantaged, are going to have to take over the gamblers' families.

**Mr Jim Flaherty (Durham Centre):** Good morning. It's a pleasure for all of us who are government members to be in Kenora today and to have been in Thunder Bay yesterday.

If I may address, first of all, the question about the addictive quality of VLs as opposed to any other form of gambling, we heard in Thunder Bay and we've heard elsewhere that there are numerous video lotteries available in the province of Ontario today. Legally they are in eight other provinces of Canada and have been for some time, but the estimate is 15,000 to 25,000 illegal machines operating in the province of Ontario today.

I say that so we have in context what we're discussing. This is not a new phenomenon in the province of Ontario; it's there now and the money is going to illegal people. None of it is going to charities, none of it is going to the province of Ontario, none of it is going to help the 1% to 2% which Canadian research shows of the people who are participating in gaming activities who will experience some sort of addiction difficulty. I say that so we have the discussion in a context.

Given the existence of the machines and given that many people in Canada and Ontario, despite the views of those who would tell them how to live, do find that gaming and purchasing lotteries and playing video lotteries are an acceptable form of entertainment, of fun for them, given those realities, would you agree that the government should take the approach that Bill 75 contemplates? That approach is this: that the government would move carefully and cautiously and prudently; that we would have the lowest number of legal video lottery machines per capita in this country, and that's even after reductions by other provinces of the number of video lotteries they have; that we would take a phased approach, that is, that after the introduction of video lotteries in the racetracks and permanent charity gaming halls, there would be reflection and pause and an assessment of the situation before proceeding into licensed premises; that the operators of licensed premises would be responsible for making sure that the video lotteries were in a separate area not accessible to those under the age of 19 and that if they didn't they could lose not only their video lottery benefit but their liquor licence under the new Alcohol and Gaming Commission; that the fines would be \$50,000 and \$250,000, depending on whether one's an individual or a corporation; and also that there would be a five-year review of the entire situation in the province of Ontario. All of that is in Bill 75.

Finally, dealing specifically with the addiction problem that the research shows 1% or 2% will have with any sort of gaming where gaming is readily available in a jurisdiction, do you think it would be a significant benefit to organizations such as yours to have the commitment you have from the government of 2% of the gross revenues going towards funding teaching and education and assistance to those who do unfortunately suffer from the addiction, which I may add is something no previous

government has done, including the NDP government, which put casinos in the province of Ontario and did not make allowance for people who unfortunately suffer addiction difficulties? I'm asking for your comments on that approach.

**Ms Adamson:** You're saying that 2% is going to be allowed. Where's the rest of the money going?

**Mr Flaherty:** It is 2% of the gross, which would be a substantial sum, of course, because right now, as you know, your funding is nowhere near that for your organization and other organizations in the province. This is a very serious commitment. The 2% comes from the reality that the research shows in Canada that the degree of addiction is somewhere from 1% to 2% — 1.5% — somewhere in there. That consistently is where the figure comes from.

**Ms Adamson:** Do you mean of the people you actually know about?

**Mr Flaherty:** All of the studies. I'm sure you're familiar with them. We had the vice-chair of the Addiction Research Foundation before us the other day who said that people can get into all kinds of trouble with all kinds of gambling, but the probability of addiction does not necessarily increase with the video terminals where gambling is readily available.

**Ms Adamson:** It does, though, because it makes it too accessible.

**Ms Isabel Bassett (St Andrew-St Patrick):** I just wanted to follow up on what Mr Flaherty was asking you and ask what services you're offering right now — you never quite said what you were doing — and could you benefit from additional funds? The studies do show that a lot of the people who gamble are cross-addicted, so you already, I would presume from my work in those fields, are working with that type of person with an addictive personality. Could you answer that?

**Ms Adamson:** In actual fact, GamAnon has no funds at all.

**Ms Bassett:** No funds?

**Ms Adamson:** No funds at all. We have never been supported by any group at all.

**Ms Bassett:** So you could benefit.

**Ms Adamson:** Definitely.

**Ms Bassett:** What would you do with that money?

**Mr Kormos:** She'd rather not be in business.

**Ms Adamson:** Right. First of all, we can't even get information out to the community. The only reason my name is in the paper is that the paper has graciously not charged me to put in my notice saying that we could have meetings at any time. We can't get people to help. We can't get a meeting room because none of us has the money to be able to pay out for it, whether it's once a week or once a month.

**Ms Bassett:** Knowing then that you're dealing with personalities who tend to be addictive, could you not be helping those people already, because they're likely to —

**Ms Adamson:** We definitely are, yes. But I do it through my own home, because people are very reluctant to come forward. First of all, the families and friends of these people, they're enablers; they keep it going by not telling other people that they have a gambler in their family.



0840

**Mr Miclash:** Judy, thank you very much for your presentation. I want to follow up on what the two previous members have indicated and get some ideas from you as to what you would see as a comfortable level of funding for your organization and where you see that funding coming from.

**Ms Adamson:** Well, put it this way: If we could get funding now to help people now, possibly the community would realize how big a problem we have, because as I said before, my calls have increased drastically. I am getting people who are suicidal now. I used to get calls where people were just concerned and wondered whether they had a problem, so I would refer them to Gamblers Anonymous, but now I'm getting families that are very worried. I've had three calls in the last month. Their families are worried that these people are suicidal. They have lost their homes, they've lost their businesses and they are on the verge of losing their families. These are three different ones; this is not the same person who is calling. These people are drastically out of control.

**Mr Miclash:** In terms of your group, how many people would you actually say you would service in the community over the period of a month?

**Ms Adamson:** Well, put it this way: The last call I had there is an entire group of family and friends who are trying to help one gambler. My understanding is that there are 30 people trying to help one person; that's just an example. This is one family, and there are many families in this town that aren't even aware there is a problem. They don't realize how bad it can get. They say, "Oh well, if I just give them money to buy food...." They don't realize they're enabling them to go on. "If I just babysit their children while they're in gambling...." They don't realize that's enabling. They think if they give them money for rent, that will just help them over, but it's a never-ending thing, because gamblers are manipulators and they will take everything they can. There is one lady, 80 years old, who gave me a call. Her son has taken every bit of her savings and she's on the verge of losing her house.

**Mr Miclash:** Judy, are you aware of the program set up around the Windsor casino that offered a fund to community organizations such as yours? Are you aware of that funding?

**Ms Adamson:** No. We don't get any information. I have tried desperately with all the agencies here in town and they're sending me whatever they're getting.

**The Chair:** Ms Adamson, thank you very much for bringing the plight of those who have this addiction to the attention of this committee.

LAKE OF THE WOODS  
COMMUNITY DEVELOPMENT INC  
LAKE OF THE WOODS  
BUSINESS INCENTIVE CORP

**The Chair:** Our next presenter is Lake of the Woods Community Development Inc, David Treusch, general manager. Good morning and welcome, sir.

**Mr David Treusch:** Let me welcome you all to Kenora. When I get back to the office, I'll see if I can arrange for a little better weather for you.

I am David Treusch and I appear before you this morning as general manager of two organizations: Lake of the Woods Community Development Inc and Lake of the Woods Business Incentive Corp. By way of introduction, Lake of the Woods Community Development Inc and Lake of the Woods Business Incentive Corp are allies in community economic development. Acting on behalf of the towns of Kenora, Keewatin and Jaffray Melick, the former organization delivers the provincial municipal economic development agency program and works with other public and private sector community partners; the latter organization delivers the federal Community Futures program. Both are community-based, non-profit corporations served by volunteers who direct a core staff.

In full consultation with the community, the organizations developed a vision and strategic plan for the operating area. This vision states:

"Our communities shall be a model of healthy, sustainable and planned development united in their vision through effective leadership, partnerships, and alliances. Sustained by a vibrant and diversified economy, all residents shall enjoy equal and cohesive participation in employment, social, recreational, and cultural opportunities."

This presentation is given in the context of our operating parameters. We will also speak in terms of general principles rather than attempt to deal with the specific language or technicalities of the bill. Given this framework, we would state our support for the general directions anticipated by Bill 75.

More specifically, we are pleased to see support to charities, which are assuming an ever-increasing burden as governments downsize. Similarly, liquor and gaming have a profound effect on the hospitality industry, and we welcome any measure designed to enhance this economic sector.

We believe the separation of retailing interests from regulating interests for the liquor industry to be well-founded. At the same time, we would hope that equal weight within the system would be given the two interests so that a balance is achieved.

One of the goals within our strategic plan calls for the reduction of needless regulation and bureaucratic red tape, all of which serve as a serious impediment to business. We are therefore grateful that this legislation will attempt to remove some of the current inefficiencies of the subject system.

It is reasonable that a percentage of gaming revenues be dedicated to problem gambling. Presumably at least two avenues would be supported: prevention and treatment. We are not in a position to suggest what percentage is appropriate, but presumably some process of annual review including caregivers would be a prudent measure.

While we support gaming provided that on the whole a greater community good is being served, we do so on the basis that the activity will be ordered and lawful. There should therefore be no tolerance in the bill for a criminal element. The question arises, will a percentage of gaming revenues also be directed to provincial and municipal police forces to enforce the legislation when and as appropriate?



Having made these general reflections, we would now like to touch on three specific aspects of liquor and gaming which are close to our community.

First is the matter of obtaining an occasional liquor permit. According to the LCBO, as we understand it, an individual cannot be granted a permit because he or she cannot hold a function, in the board's view. The permit must bear the name of an organization, company or similar entity. However, the permit will not be issued unless one specific individual signs his or her name to the application, assumes full personal responsibility and agrees to be present during the full time that liquor is being served. This is done on the basis that one person must be held accountable should minors or intoxicated persons be served. Presumably the LCBO feels the entity holding the function cannot be responsible.

One of the ways organizations such as ours attempt to attract and retain tourists is through the staging of special events and festivals. During their startup years these activities are not financially strong. Many organizations have therefore relied upon liquor sales to produce some of the revenue while alternative revenue streams are being developed. In our case, a volunteer, freely giving their time to serve a non-profit community organization for the betterment of their community, is required by the board to assume the full liability of their organization. That unfortunate person is then required to be in continual attendance for, say, in the case of our Canada Day celebrations, three days. To us, this arrangement does not seem reasonable or equitable. Either the volunteer would be so irresponsible as to not care about the possible consequences of their signature, in which case the board's purpose would seem to be defeated, or the volunteer is fully aware of the consequences and is obliged to act against their lawyer's advice and undergo extreme anxiety for the duration of the event.

We will not take time here to establish the importance of volunteers to the economy of the province of Ontario. We think the committee is well aware of the facts. Having those facts would lead one to conclude that volunteering should be made as pleasant and rewarding as possible. Surely then another method of issuing occasional liquor permits under these conditions could be found, one that would guarantee reasonable standards by which minors or intoxicated persons would not be served liquor while at the same time not being oppressive upon Ontario's volunteers.

For the remaining two issues some background is in order. Tourism is our single largest industry, attracting approximately one million visitors per year who spend about \$230 million, which in turn employs a significant portion of our workforce. Three quarters of this income is "export dollars," so it is good for the province and it is good for the community. In comparison to other communities, we are somewhat unique given the relative importance of this industry to other industry sectors. This becomes evident in certain data where, for example, we have twice the square footage of gift store space as the provincial norm. As significant as the industry is, much can yet be done. One of our goals is that tourism shall be a diversified four-season industry well known in target

markets. Obviously we naturally take great interest in anything that affects this industry.

#### 0850

As has been said, liquor and gaming bear great impact on the hospitality industry. Measures which enhance the competitive nature of the industry are highly desirable. With the downward trend in liquor consumption, many hotels are experiencing financial hardship. Permitting them the off sale of beer and video lotteries would accomplish two worthwhile objectives: troubled properties would enjoy a new and proven source of revenue, and greater convenience would be offered our visitors. As it is, Brewers Retail hours are not always compatible with the arrival times of the travelling public, who frequently proceed to remote areas when transferring through our community. Also, we would be better positioned to meet the expectations of our American visitors.

Finally, we come to the matter of the Golden Eagle, which is currently licensed as a charitable casino. This is a project of the Wauzhushk Onigum First Nation. Since 1984, the trimunicipal area has sought a major attraction and in so doing undertook a number of studies, none of which bore fruit. In 1993, the Lake of the Woods Community Development group and Wauzhushk Onigum joint-ventured a project assessment for an Anishinabe theatre attraction. This had positive predictions but the capital cost seemed to be a barrier at the time.

Almost concurrently, Wauzhushk Onigum attracted Gaming World to the area. The operator recognized a competitive advantage in bringing together the family entertainment element, represented by the theatre attraction and outdoor events, along with gaming, all in our internationally established destination resort location. Community support was gained as a result of the obvious merits of the scheme. The trimunicipalities would enjoy a major attraction which would be a major employer. Tourism would be diversified and, for the first time, established on a year-round basis.

Due to the high seasonality of the hospitality industry as it now stands, a systemic flaw in the local economy would be largely corrected and costly transfer grants in the form of welfare or unemployment insurance moneys would be substantially reduced. Reference to the strategic plan quickly demonstrates the contribution this project would make to the community's goals.

With investment capital available and resources at hand, consent from the provincial government was all that was needed to launch the megaproject. Unfortunately, in granting such consent the previous government saw fit to so restrict the gaming operations that they are unable to meet the stakeholders' objectives. Limited hours of operation, low betting limits, limited number of games, denial of VLs, restricted marketing and more all served to frustrate ultimate success. For example, the Golden Eagle is prohibited from joining in co-op tourism marketing programs with our organization and other local businesses. It cannot even be a good corporate citizen in this sense, and it is difficult for our organization to coordinate community marketing. We watch bus tours remove people from our jurisdiction to gaming establishments in the US in frustration because the Golden Eagle



cannot promote bus tours to bring Manitobans and Minnesotans to Ontario.

Through this committee, we strongly urge the present government to correct the situation by amending the restrictions. Granting a full complement of VLs would be another valuable contribution. What is of particular importance is that the Golden Eagle be of sufficient critical mass so as to effectively compete in Manitoba and the midwest US, and this point we underscore.

In summary, we express our deep appreciation for this valued opportunity to share our views and respectfully submit three issues for the committee's consideration:

(1) The nurturing of Ontario's volunteers by amending the method of issuing occasional liquor permits.

(2) The provision of relief to Ontario's hotel properties by permitting the off sale of beer and installation of video lotteries.

(3) The relief from inhibiting restrictions and the granting of critical mass to the Golden Eagle charitable casino so that it might effectively compete in external markets.

**The Chair:** Thank you, sir. We have two minutes per caucus. Mr Flaherty and Mr Klees.

**Mr Flaherty:** I'll be as quick as I can so my colleague Mr Klees can ask a question.

As the parliamentary assistant in the Ministry of Consumer and Commercial Relations, I've taken note, of course, of your comments about liquor licensing and so on and certainly will undertake to respond to those concerns. But dealing specifically with Bill 75 and the hospitality industry and employment and job creation, we had evidence previously from the hotel and restaurant association that this Bill 75 would result in the creation of about 10,000 jobs in the hospitality industry, particularly in rural Ontario. Is it your anticipation that there would be substantial job creation in the hospitality industry and tourism industry in Kenora and area?

**Mr Treusch:** We had projections of from 1,200 to 1,800 new job positions created for our trimunicipal area here. That would also include some of the general operating area. So we would be looking at transporting some of the underemployed and underutilized workforce in the neighbouring region into the area.

**Mr Flaherty:** With respect to the Golden Eagle charitable casino, a number of the government members had an opportunity to visit the casino last night, and the Ministry of Consumer and Commercial Relations has had discussions previously with the casino and will certainly undertake to continue those with respect to the concerns that you've raised.

I'm going to stop now because Mr Klees has a question.

**Mr Frank Klees (York-Mackenzie):** Just one very quick question for you with regard to the Golden Eagle, an issue that you raised. Do you feel that there may be a negative effect on that casino if, in fact, the VLs, the video lotteries, were extended to other premises within the community?

**Mr Treusch:** I don't think so. I don't believe so. I say that on the basis that none of the others would have the quantity or the mass of gaming that would be represented by Golden Eagle. I think properly handled it could be

complementary, in other words, that visitors coming to the community — and hopefully that's what we all want to achieve — who would be staying here in the accommodation would be exposed to gaming and would get that sense of that recreational pursuit at the place of accommodation, which would sort of set a pace or a tone when they come here for that purpose. When they want to engage in it in greater depth, then of course they would presumably use the Golden Eagle facility. I think they could be complementary.

**Mr Miclash:** Thank you very much for your presentation. David, you actually bring forth a good combination of the aspect of prevention and treatment along with the ordered and lawful running of this industry. You do a good job of mixing that with the importance of it to the area. You talk about 1,200 to 1,800 jobs in the actual expansion of that particular gaming centre. What kind of spinoffs do you see for the trimunicipal area besides the 1,200 or 1,800 jobs that we're talking about that would be brought to the area through the expansion?

**Mr Treusch:** Well, of course, there's always the usual ripple effect or indirect job creation. That could take up to five to seven years to take full impact. The impact would reach into every sector of the community, be it the construction industry, which of course would be immediate, but education, various service industries, business services, personal services, retailing. So it would go throughout the community. The wealth generation, a certain amount of that obviously would be directed towards municipal infrastructures so it would improve the quality of life for the area. The effects are quite profound and quite deep.

**Mr Miclash:** You talked about bus tours, and in my opening comments I mentioned the uniqueness that we have here in northwestern Ontario being the closest ride and the closest area of the province to Manitoba. Can you maybe just expand a little bit more on what you know in terms of bus tours that would possibly come into the area and that are avoiding the area today because of the lack of VLTs in the region?

**Mr Treusch:** Tour operators require sufficient attraction to justify a length of stay, and the difficulty we've had here is putting together sufficient attractions for the type of people who would go on a tour bus. Historically, our tourism product has been hunting and fishing, and that's why we're trying to diversify that so greatly and get into other family activities and that type of thing.

**0900**

I believe there are a number of tour operators in the Winnipeg market particularly who would be interested in engineering tours, bringing people into the trimunicipal area. One of the things, though, that I did not mention is that we were successful in gaining Northwest Airlines air service starting next year into our airport. This will bring the Minneapolis, St Paul and Chicago markets directly in to us. These tours, to me, would not be restricted to bus tours, but I see airline packages as well being marketed in the midwest US.

**Mr Kormos:** You speak of the job creation, and I understand that. Casinos like Windsor, and now Orillia and Niagara Falls, have demonstrated themselves to be somewhat high-labour component. Slots out in the

community are not high-labour component, in contrast. I'm aware of the Golden Eagle charity casino. I'm also aware that there's some talk here in the community of the potential for Minaki Lodge, for instance — and I know some of my Conservative colleagues will be more than prepared to take credit for Minaki Lodge; Lord knows they invested enough of your money in it; well, not them, their predecessors — but the potential of Minaki Lodge for a permanent casino site.

What does that do, then, to Golden Eagle, with Minaki Lodge within, I'm told, a short distance, a short car drive, from it? Just how much can be sustained here? Aren't you concerned? You talk about sustainability and somebody who spoke with us yesterday in Thunder Bay spoke about how gambling, if it's overly community based, is not sustainable, because once you suck every last nickel and dime out of the community, there's simply nothing left, you've used it all up. There's a finite capacity.

**Mr Treusch:** Yes. I hope my presentation was clear. Our intent is not to market the local community for the Golden Eagle. What we require and what we really desire is the ability to market this casino to non-Ontario markets and non-regional markets.

You bring up the matter of Minaki. I'm not aware that they have been granted a gaming licence. My understanding from the news release and any information I've had surrounding Bill 75 is that it's going to be approaching its application in a businesslike manner. I would then assume, if the government was speaking about granting licences, that they would look upon a market area and they would look upon the relative proximity of Minaki to the trimunicipal area. Presumably, on a business decision, one may well not entertain two casinos within that operating area. I happen to have a summer camp at Minaki. I just came from Minaki this morning. To my knowledge, most of the residents of the community of Minaki are not in favour of a casino at that community.

Having said that, though, it's known that some casinos do operate in remote locations and the public commute. The fundamental difference, however, and I think this is of prime interest, is that the trimunicipal area has the infrastructure to support a full casino operation, which Minaki does not. The food and beverage service is here, the accommodation is here, the public expense and investment in infrastructure is here. It would seem to be a strange decision to locate a casino in Minaki and then have to relocate all that infrastructure to support a casino.

**The Chair:** Thank you, sir, for your presentation.

#### LAKE OF THE WOODS ADDICTION SERVICES

**The Chair:** We are proceeding to the Lake of the Woods Addiction Services, Mr David Novak, director. Welcome. You have 20 minutes, sir.

**Mr David Novak:** Thank you and good morning. The Lake of the Woods Addiction Services incorporates a variety of programs such as detoxification, short-term residential treatment, as well as assessment/referral and outpatient counselling. Our detox centre is one of the busiest in the province, while our assessment/referral unit receives an average of 40 to 50 new referrals per month. Our programs are sponsored by the Lake of the Woods

District Hospital and funded through the substance abuse bureau of the Ministry of Health.

The primary objective of this presentation is to highlight several concerns and recommend certain actions with respect to the introduction of VLT gambling.

People choose to gamble for many reasons, including the purely social recreation it provides. It has had a cyclical history of prevalence in different societies over time. We appear to be at a crest in the public acceptance of this pastime. Unfortunately, the widespread expansion of the many forms of legalized gambling brings with it those casualties who become apparent after a brief period of time. Video lottery terminals appear to be the most virulent form of present-day gambling. Our experience to date has been limited, although clients report problems with some other types of gambling.

What is the experience of other provinces? A 1994 study showed that "about 88% of adult Albertans are social non-problem gamblers. Seven per cent do not gamble at all. The remaining 5% of adult Albertans have some problems related to their gambling. This group consists of 4% of Albertans who have mild to moderate gambling-related problems and the 1% who have a more severe problem."

If we transpose these figures to our province, it would mean that some 500,000 persons would have problems related to their gambling. The province of Ontario could be looking at 100,000 individuals with more severe gambling problems. Even these numbers expand greatly when one considers the effects on family members, business associates and others directly or indirectly connected to the compulsive gambler.

It should be noted that recently in Alberta video lottery terminals were the most frequent type of gambling, followed by bingo — VLTs at 56.5%. Of all the admissions for gambling in the reported year, that is, admissions for treatment to the alcohol and drug abuse commission, almost 69% stated that they had used VLTs in the past year.

Our neighbouring province of Manitoba commissioned a well-known specialist in gambling research to complete a prevalence study in gambling in Manitoba. Again the results were very similar to Alberta's. I think there were four-point-some percentage, very similar to the 5% noted in Alberta. It should be noted that when VLTs were introduced in Winnipeg bars and lounges in September 1993, the Addictions Foundation of Manitoba's 24-hour help line opened for gamblers and their families. So for the one fiscal year, April 1, 1994, to March 1995, the line received almost 3,600 calls, half of them being cries for help.

An AFM publication cites the original intention of beginning with prevention and education programs before offering the counselling segment. This plan was revised because they found the demand for counselling was immediate. There was a big rush to get treatment programs into place as quickly as possible. One of their gambling counsellors is quoted as saying that most clients come for help with coaxing from family members or co-workers. As she states, "The majority of people who come to us are facing serious financial debt." As a result of their gambling, these individuals admit to jeopardizing



the basic necessities of life, such as their ability to pay for food and shelter.

These experiences and findings are very close to home. As one US authority, Dr Richard Rosenthal, is quoted as saying: "Gambling caters to our need for immediate relief and gratification, our preoccupation with material success, and a kind of action without involvement. Video games add another dimension." He refers to these games as "a seductive form of escape" and he states: "The newer machines even pay off not in coins but in credits. You win time instead of money, and in effect, play in order to keep on playing."

0910

Video gambling machines may offer gambling in its purest form and, in his words: "There's an immediate stimulus response. It is very addictive and the trend is towards developing faster and faster games."

We in the addiction field hope our response becomes faster and faster as well. We require the appropriate resources to educate young people as well as educate and treat the adult community. Let's begin by ensuring that the programs are in place before we become overwhelmed with that select group of gamblers who require specialized help. Thank you.

**Mr Miclash:** David, I just want to pick up on your final point in terms of resources and would like to know if you feel that the resources you're getting from government today are adequate, and maybe give us an idea of what they are and where they come from.

**Mr Novak:** I think the resources, if we see an increase in the gambling problem, will not be sufficient. For one example, we've been asked to do some presentations in schools. Of course this is time-consuming because you take a counsellor for an afternoon to travel to a small nearby community, spend the time and come back, and these are basically counsellors. I think we would like to see an additional number of counsellors, as they do in Manitoba, specifically assigned to gambling counselling. In Manitoba, including large rural Manitoba, I think there are 17 counsellors specifically doing gambling counselling.

**Mr Miclash:** In terms of your actual funding at the present time, can you give us an idea as to where that funding comes from?

**Mr Novak:** Our funding is entirely from the province of Ontario, the substance abuse bureau.

**Mr Miclash:** There was a \$1-million fund that I mentioned earlier, when Judy did her presentation, developed around the Windsor casino. It was developed for organizations such as yours to develop services and programs for problem gamblers. Are you aware of that program or the fund that was set up and do you have any comments regarding it?

**Mr Novak:** It's not well advertised in our area. I haven't certainly been given access to it.

**Mr Crozier:** Thank you, Mr Novak. This is one area that I'm inclined to agree with you is woefully underfunded. I think we tend to forget, and it's interesting that you've pointed this out, that although the percentages seem low, when you talk in terms of half a million people who will be dumped on to your system with its limited resources, it is something that we have to consider

very seriously. I, with you and with others, encourage the government to look at that 2%. I've termed it to other presenters as the cost of doing business and I think they're willing to write that off and say: "So be it. We're going to throw some money to you folks." You're going to be happy to receive whatever you can get, I'm sure, but if you need more in the way of resources, I stand by you and others to encourage the government that when they're taking 70% — and they talk about low taxes; that's probably the highest-taxed area in the province — when they take 70% they really should give consideration to giving you more resources. Thank you.

**Mr Kormos:** I'm pleased that you're here. Just as the tobacco industry has spent billions and decades trying to refute research and the tobacco industry has insisted that cigarettes are neither carcinogenic nor addictive, the gambling industry — especially the slots, which have the potential to be the biggest single moneymaker in all of the gaming industry because of the very things you and others have spoken about — wants to present it as mere entertainment, as if it ranked with bowling or ice skating or any other number of things, as I mentioned earlier. The corruption, though, has already commenced because of the big bucks involved here.

The government to date has made a commitment of 2% of revenues to funding for gambling addictions. Some estimate that to be some \$33 million, and in the course of that, people who otherwise one would have thought to be vigorously opposed to slots have relaxed their position somewhat. To say they've been bought off might be a little extreme.

I note that when we were in Thunder Bay, your colleague from the Addiction Research Foundation who made a presentation there said in his submission, "VLTs are considered to be the most addictive form of gambling." You here in Kenora in your submission make reference today to one US authority, Dr Rosenthal, video gambling machines, these video electronic slots, "It is very addictive and the trend is towards developing faster and faster games," which is part of the addictive nature of it.

By God, here are two qualified regional people. You certainly have qualifications. You certainly have made reference to research. However, the vice-president of the Addiction Research Foundation, Robin Room, in Toronto declined to describe slots as more addictive than other forms of gaming. He wanted to downplay the distinctiveness of slots as compared to other types of gambling.

I suggest to you that there is, as you've indicated, not just Dr Rosenthal, whom you quoted, but a plethora of research, including Mark Griffiths's from the University of Exeter in Great Britain, including a growing number of Canadian sources, including other American sources in addition to Dr Rosenthal, including the observation that among the general population to date the level of addictive gambling may be in the range of 2%. Among VLT players in Manitoba, according to Gfellner, among the electronic slot players in Manitoba the pathological gambling rate is 9.3%, significantly higher than what we have understood to be the national average. Frisch, from the University of Windsor, identifies 17% of adolescents who either have a confirmed pathological gambling

problem or a high potential to acquire one, and it's evenly split. He suggests that we have a generational phenomenon here, a generation of young people, because the other data are that slots tend to be played by younger gamblers — not only, but tend to be — and that's universal across Canada and certainly in Britain.

We have the potential here for a crisis in gambling addiction. Just as Bugsy Siegel and the mob had to buy off various people when they wanted to move into Vegas or the mob had to buy off people when they wanted to move into Atlantic City, these guys are prepared to pay off people when they want to move into Ontario.

**Mr Tim Hudak (Niagara South):** I just had some thoughts while listening to Mr Novak. It has been interesting, working with this committee, as to the nature of the addictive beast. It has been pretty consistent that it's the thrill, that it gives somebody the edge. They feel like the big shot when they're throwing the dice or making a bet with the bookie. We've heard testimony that it could be anything. Scratch and win and lotto seem to be the choice of that 1% of pathological gamblers.

The point I try to make is that it is unique to this program that we're setting aside the 2% that you spoke about to fund addictive treatment and research, unlike previous governments that went into the gaming business and didn't set that aside. I think this program is unique in North America as well. The question I'd like to ask you, Mr Novak, is about this substantial sum of money that's being put aside to fight gambling addiction across the board, whether it's calling the bookie, throwing the dice, the break-open tickets. There is some concern here. Which is the best area to fund? What kinds of services should the money be set aside for? Should it be education, prevention, treatment? What would be the most effective use of those funds?

**Mr Novak:** I think a well-rounded combination of all those. I think we should look to provide the best services, better than Alberta, better than Manitoba. I think we've got to be creative and say, "Look, we're going to take the best preventive approach, we're going to plan it out, we're going to do it really better than anybody else, and we're going to have a treatment system that means that any casualties from any form of gambling are going to get access."

0920

The problems that Manitoba has in ADAC, the Alcohol and Drug Abuse Commission, is in their primary mandate, in their goals and objectives; their mission statement has "and gambling." I think we need to say the same thing in Ontario.

**The Chair:** You have 60 seconds, Mr Klees.

**Mr Klees:** Mr Novak, the fact that you are here shows that there are addiction problems now currently in the province. You make reference to preventive measures. With regard to the young people in this province, we're very concerned, obviously, that we do the right thing and, as you indicate, that we implement appropriately. Do you feel that there's something that we could do in our school curriculum to incorporate some preventive education on these issues?

**Mr Novak:** I'm not an expert in education by a long shot, but I do know how well received presentations have

been that we've done as an outside agency. So if the curriculum can foster a broader preventive nature, so much the better. But I do know there are kids that ask questions about gambling and are concerned about their own family members. So I know that we have to do a lot more about that.

**The Chair:** Mr Novak, thank you very much for your presentation here this morning.

## RAT PORTAGE INDIAN RESERVE

**The Chair:** Our next presenter is the Rat Portage Indian Reserve, Chief George Kakeway. Welcome.

**Chief George Kakeway:** Good morning. First of all, I would like to take this opportunity to be able to speak to you, and I certainly thank the committee. I have here with me Dave Palubeski, who is our adviser and planner for the community.

I have been a councillor for eight years and the chief for the last 20 years, so I've been around in terms of politics in the region for quite a bit of time. I represent the Wauzhushk Onigum Nation; it's just about five miles down the road from here. Certainly I've been involved or at least have participated somewhat in Ontario politics. I started off with Mr Davis when he was the Premier and then Peterson and Bob Rae and now Mike Harris. So I've completed a circle in terms of the people I've been talking to.

Rather than speaking from a written presentation, I thought I'd speak basically from experience and talking to people and the knowledge that I've gained throughout the years on this whole gaming issue.

First of all, we do have a common boundary with Jaffray and Melick and the town of Kenora. As I said earlier, we're just down the road from here. Generally, we have the same aspirations, the same objectives, as the trimunicipal area in trying to bring gaming to our region.

As you know, as the previous speaker Mr Treusch said, this is a destination area, and certainly we hope that through gaming we can increase the flow of visitors and have Lake of the Woods as a destination where we could have visitors, whether from abroad or overseas or from Manitoba. I think generally we'd like to increase the capacity of visitors that would come and certainly would like to see that in the very near future.

I think we do speak in favour of Bill 75, Golden Eagle being the site, hopefully, that could be chosen for the VLTs. As I said earlier, we've been pursuing gaming since 1985. Through our latest discussions with the last government, the NDP, there certainly was quite an interest in providing that kind of facility in our discussions with cabinet ministers like Hampton and Wildman and some of the ministers that were responsible in those areas.

We support, as I said, Bill 75. In our community, in Rat Portage, we did have a referendum to support gaming in our community, so we do have that in place and certainly the people in our community fully support that. Some of the reasons that they support it is that it does provide an economic stimulant in our community, opportunities, and also in the whole area of providing a better quality of life in terms of housing developments or



renovations or improving the road infrastructure and so on. Certainly we will use those moneys for our youth, for our elders and for various programs that lack support and funding from governments, because in our community in Rat Portage we're not tax structured to provide these kinds of programs and services. Whatever is available from government, I try to really work with, but I think in this case it will provide us the opportunity to do some more of this kind of work to help our people.

Also, at the same time, we are trying to pursue self-sufficiency. I think that is a commonsense idea, and that's the approach we're trying to take at all times, without having to rely too much or a lot on the government to provide services.

From another point of view, we do also support the initiatives of the town and trimunicipal area in terms of what they're trying to do in economic development, and certainly we think this would complement some of those things they're trying to do.

In terms of a brief history, we signed an agreement with the last government that tried to give us the ability or enhancement in terms of an agreement with the province. That's what we managed to accomplish with the last government. Basically it's a partnership arrangement that we finally achieved. Basically what it is, in their legislation they recognize our gaming code. Of course, there are amendments that need to be made within that gaming code so that we have the ability to compete in the market, in terms of as already indicated by Mr Treusch, again, with Minnesota and Manitoba, because as far as we can see, the playing field is not level and we just don't have the opportunity and the ability to compete with them at this point in time.

We opened Golden Eagle two years ago, and again it's a situation where the ability and the capacity is not there to compete. Hopefully, with this presentation, we would be able to accomplish just that.

0930

I think, overall, in our responsibilities as a community, we take this very seriously in terms of gaming and pursuing it for the last 10 years. Throughout our discussions and deliberations with the local charities we've managed to have some common understanding, and hopefully if this thing comes about we are going to sit down and discuss thoroughly how we're going to deal with the revenues that may exist with the local charities.

I think what we're basically looking at is bringing in people. Being Lake of the Woods, the local area has a destination point for getting bus services for bringing people in rather than trying to exhaust the local market. I think our whole objective is to bring people in and I think with these amendments to our gaming code we have accomplished that. Certainly a lot of people from the area are being taken out of the community and through bus tours or other means of travel they go into Minnesota and Manitoba, of course, and other areas where gaming is available.

With that, I could maybe get Dave to make brief comments because he's been involved in it with us for a period of time.

**Mr Dave Palubeski:** Thank you. I've been the community planning adviser to the Wauzhushk Onigum or

Rat Portage community since 1984 and have been working with them in regard to the discussions that they've had with Ontario's government related to gaming. I think one of the reasons that this legislation is being supported by the reserve is that there is an expectation that the existing partnership that is in place between Ontario and this reserve, which recognizes a sharing of responsibilities in terms of the administration of gaming on the reserve, will continue when this legislation is adopted. In other words, the desire to examine the possibility of charitable casinos in the province in terms of permanent site locations will also include the consideration of the Golden Eagle charitable casino as a permanent site for gaming.

It's important that the committee understand that the current code arrangements that have been agreed upon by Ontario and the charitable casino at Rat Portage were done so with the idea that it would be examined and reviewed in time as we gained experience with it. It's very clear that the restrictions with respect to the operation of the facility as in its present place has to give consideration to the local marketplace in terms of not upsetting the local marketplace gaming environment, because other charities and organizations rely upon gaming as a fund-raising measure. But the restrictions that are placed upon it that you can't bus people in, you can't advertise in other jurisdictions, you can't co-op with existing businesses within the community to promote this as a destination location, you have restricted hours of operation and you have reduced betting limits — \$25 betting limits — all put a drag on the possibility that this facility can compete effectively with what's available in the United States and in Manitoba.

The consideration of permanent charitable casinos would be an extension of an existing partnership where there's a sharing between Ontario and this reserve on the administration of a gaming code and in compliance with the acts of Ontario and Canada, and consideration that this area, in consultation with the reserve, can establish gaming as one of the attractions for year-round visitors to the Kenora region.

The other thing I'd like to point out is that gaming has been taken very seriously within the reserve. They have had a referendum. There's been full community consultation within the reserve over these past five years before they entered into the agreement with Ontario. In terms of implementing that agreement opening Golden Eagle, there also has been broad communication and consultation with the communities of Kenora, Keewatin and Jaffray Melick, as well as the chamber of commerce, as well as the economic development organizations within this region.

Lastly, there's also a recognition by the Golden Eagle that there should be inclusion and consideration and sensitivity to the local charities within the area.

Last year, in 1995, a letter of intent was entered into between the Golden Eagle charitable foundation and 26 charities and service organizations within the Kenora-Jaffray-Melick area for revenue-sharing.

**The Chair:** We have one minute per caucus.

I'm pleased to be able to support Chief Kakeway and respond to the committee and will be happy to answer any questions.



**Mr Kormos:** Chief Kakeway, one minute isn't a whole lot of time. Sometimes it takes me that long just to inhale before I start one of these spiels, and I acknowledge that.

One of the concerns I think a whole lot of us have is, first of all, this government's track record with Casino Rama in Orillia, in terms of agreements that had been made and were known to all the parties, isn't particularly good. Collect every little scrap of paper or every signed document, every memorandum of any meeting you ever had with the last government so as to cover your interests, because these guys will — quite frankly, it's my view that casino operations like yours are certainly at risk because this government wants to redesign the nature of charity casinos.

Mr Flaherty over there is the person closest to the Premier in this whole room. He's a parliamentary assistant and I'd advise you to get him on record right here and now that your charity casino operation is going to remain untouched, because they're proposing a mere 50 fixed charitable casino sites. There's going to be an incredible amount of competition for those from some very powerful interests, quite frankly, including domination by southern ones. I wish you well, but I also have some grave concern. Talk to Mr Flaherty. You might be able to get him committed here and today.

**Mr Terence H. Young (Halton Centre):** I've been encouraged to hear this morning from the Liberal caucus, the first time in these hearings, that they recognize there is a problem and some money should be going to help agencies in the communities to deal with the problem with the small percentage of people who are problem gamblers.

I want to refer to this Gfellner report and tell you what it says in summary about VLTs. The average person gambles once a week for 32.5 minutes. Most players — over 90% of the players — have a budget. Whether they win or lose, they stick to it. The budget, the mean, is \$5.

I went across the street to a store this morning to pick something up. I found these for lottery tickets. There were six of them, including a book; if you forget to play you can mail in and your numbers are automatically played. Talking about problem gambling, it doesn't appear to me that VLTs are much different than anything else. It's that 1% to 2% we have to try and help.

As a matter of fact, in the Gfellner report it says, "Problem gamblers indicated more frequent involvement for every other type of gambling activity." It would indicate to me the problem is not VLTs; the problem is the gambler. What I wanted to ask —

**The Chair:** Thank you, Mr Young. Your one minute is up. We'll move on to Mr Miclash.

**Mr Miclash:** Chief Kakeway and Dave, I thank you for your presentation as well. I think what you've done here is you've reinforced the uniqueness of the area. You talked a little bit about us being a destination, a tourist area. You talked a little bit about our competition with Manitoba and Minnesota. I think these are facts the committee must take a look at as well as it deliberates over the hearings.

0940

In terms of the actual securing of VLTs at Golden Eagle and the job creation, what are some of the figures

you're looking at in terms of the expansion of that particular facility and the jobs it may create throughout the community?

**Mr Palubeski:** Mr Miclash, in terms of establishing the Golden Eagle with what Mr Treusch has identified as the critical mass, that's a very accurate observation in terms of what is not there now. We don't have a critical mass. We have 14 tables operating in a temporary facility which used to be an arena, where there's a strong desire in the community to return it to an arena. Under the current operating arrangements, that can't be done, because the facility just breaks even. It hasn't made any significant money for its intended charitable purposes because of the drag placed upon it.

In terms of competing with the surrounding region, VLTs will certainly assist in creating the casino experience. In terms of numbers, the competition with respect to Minnesota and Manitoba, basically we would need about 1,000 VLTs. With 1,000 VLTs and gaming limits comparable to the casinos in our immediate area, there would probably be a creation of about 800 jobs at the facility direct. In addition to that, there would be substantive revenue that would be invested within the area. The difference between the Golden Eagle perhaps and other VLTs or other casinos in the area is that it's local, the interest that owns and operates it is local and the money is spent in the local area. It's not taken out of the province.

**The Chair:** Thank you very much for your presentation, gentlemen.

If members of the audience are wondering, each person or each presenter is to receive 20 minutes and I have to be a little arbitrary in limiting. To be fair, so that we don't favour one presenter over another, each gets their allotted time and no more.

Perhaps we can then proceed to Women's Place Kenora, Ms Bobby Harrington. Not here?

## TOWN OF KENORA

**The Chair:** In that case, I take it we can proceed with the mayor of Kenora, Ms Joyce Chevrier. Good morning and welcome, your worship.

**Ms Joyce Chevrier:** Good morning. I've got a couple of copies here to make it easier for you to follow.

**The Chair:** We will have these reproduced, ladies and gentlemen, and handed out to you in Toronto. The clerk will presently distribute one per caucus.

**Ms Chevrier:** Welcome to Kenora. As the province of Ontario discusses and contemplates the introduction of VLTs in various establishments licensed to serve alcohol, I would like to offer my thoughts on the matter.

The Golden Eagle Casino, which is located on the Rat Portage reserve, has been for a number of months requesting the province to permit them to install VLTs in order for them to have a viable operation. When the casino first opened, at least 200 jobs and millions of dollars were pumped into the local economy. With the addition of the VLTs and full casino status, the casino would be able to provide more jobs, while at the same time assure job security for those presently working.

The native community of Rat Portage was relying on the casino being more stable and profitable so that



revenues could be pumped back into their economy, providing them with the important amenities required for a well-serviced community.

This past Sunday, the casino held a charity function in cooperation with the Kenora Rotary Club, raising \$21,000, which will assist the club in many community projects.

The location at the casino is the most logical for the installation of VLTs. The installation of VLTs should proceed slowly to gauge what is best for the community. If no problems arise, additions can always be made later. It would be much easier to increase the number of machines than to remove them.

The VLTs would be an enhancement to the local economy and the community, due to their added attraction to the tourist industry.

There are some concerns which come with the installation of VLTs or any other gambling equipment. The main concern, and one that has been and will be the most reiterated during your committee sessions is the fact that VLTs would add to the addiction of gambling. There should be a program in place whereby a certain percentage of the dollars derived from gambling is set aside for the treatment of addiction to gambling. There would be much less opposition to the introduction of VLTs if communities were assured that a program for gambling addiction was put into place.

There must be a portion of the revenues returned to local communities. At present, the town of Kenora has no idea what ramifications there would be for their police services, who work presently with a budget of \$2.5 million and who already have the responsibility of policing the many people who frequent the area. The town of Kenora's population is approximately 10,000, but we police all who come into Kenora from the surrounding area. In the summer, the numbers could increase to as many as 25,000 people. Municipalities need to be assured that there will be some revenues available in order to deal with any problems which may arise in direct response to the installation of gambling machines.

A cooperative program and a portion of the revenues should be designated to the local charitable groups that will suffer from the installation of the machines. In this area, we have already seen a drop in the attendance and support for local charities. When this happens, less money is available for community projects and the various organizations come back to the town of Kenora municipal council and the taxpayers for financial support.

Members of council are in favour of the introduction of the VLTs at this time, but we need to keep in mind that the generation of revenues in this manner can and will lead to other problems within the community, and it is important that the provincial government make sure that strict rules and regulations are set in place and that a support program encompassing public education, prevention and treatment services is in place to assist those in need.

Respectfully submitted. Thank you.

**The Chair:** Thank you, your worship, for that presentation. We have about three and a half minutes per caucus for some questions, if you don't mind, starting with the Conservative caucus. I've got Young, Hudak and Klees, so we'll start with Mr Young.

**Mr Young:** If it's all right, we'll start with Mr Klees.

**Mr Klees:** Madam Mayor, we appreciate your being able to share your thoughts, and I want to just commend you on the last paragraph of your presentation, because I haven't heard it said more succinctly and more to the point than you have put it here, because that is precisely what the intent of our government is.

I'm particularly encouraged by the fact that you're here in the presence of your sitting member, Mr Miclash, for whom we all have a high regard. I would ask you to provide some moral support to him over the next few weeks, because he faces a major challenge in his caucus. I know that one of the leadership candidates, who is also here today, Mr Kennedy, is strongly opposed to this, and I believe the other leadership candidate, in Windsor, is also opposed to it. So he's got a big challenge. I encourage you and the constituents here to provide moral support to him as we seek to bring what we believe is a very balanced position forward.

**Mr Hudak:** I actually wanted to say the same thing as Mr Klees, your worship, so that your leadership on this issue, like members on this side of the committee — we're taking, as you said, a very reasonable, sound approach to this, beginning with the charity event sites and racetracks, although there's no track here. I think you're right, and we heard the same thing in Thunder Bay, that it's a tremendous amount of drain on the community, the people going to other areas.

Considering the number of Manitobans and Americans who would come up here in the summertime, I think it would be a substantial economic boost. I see that kind of thinking in Mr Miclash's questions as well, and as to how he votes on the issue, I encourage him to be strong about this and to look out for the concerns of a community like Kenora and as we saw in Thunder Bay yesterday.

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**Mr Young:** Your worship, could you give us an estimate — I realize it might be a ballpark estimate — of how much economic activity, how much money is leaving the community to go to other casinos in Manitoba or the United States or whatever? Or in reverse, how much could be here in this community, including all the spinoffs?

**Ms Chevrier:** I can't tell you that precisely. I would expect that maybe the Golden Eagle itself would have that financial information for you. I can tell you that our native communities bring \$50 million into the local business area. Kenora is the business centre for the total of the 25,000 population that we receive here in the summertime. There's no doubt in my mind that there's a major impact. If we don't have the proper facility and equipment here to bring people in to spend their money, then obviously there's definitely going to be an enormous drain on the community at large.

**Mr Gerard Kennedy (York South):** Thank you for your very balanced presentation. It is really important to recognize the unique situation of Kenora, with the cross-border competition that it does have and also with the base that it has already in terms of tourism. I'm wondering what consideration council might have given or might be willing to give to the idea that VLTs should be restricted to casino operations, that this might be the best



way to take the economic advantage and use it where it can really be put to use. You have an operation under way here already; we've heard from the operators that they need that boost.

Some of the concern about VLTs is when they're in the local bars. There is no guarantee on the part of this government that it will commit money to addiction. There is a proposal in the legislation that they may; it's possible, but it is not guaranteed, just as it's not guaranteed that the number of VLTs might multiply, to become many thousands of them, in bars and restaurants, especially given the revenue projections. I'm wondering if council has discussed that distinction, because the economic development — if we're going to do a certain level of gambling in the public interest, in the casino, a controlled environment, where it's compatible with the very significant tourist infrastructure that already exists here, how does council look at that possibility?

**Ms Chevrier:** Council is very much in favour at this point in time of encouraging the machines to go into a casino that is already established. As I've stated, this could be gauged over a period of time to see what the effect is going to be. I hope the province of Ontario will put enough money aside that there will be an addiction program that will be suitable for the needs that will be required. I also see, though, in the future that if the machines being in the casino are favourable and are received favourably, then obviously they could branch out to other businesses, such as hotels.

**Mr Kennedy:** I guess there's a concern that it could be undercut if they happen at the same time.

**Ms Chevrier:** I would expect that there might be a bit of a problem if it was implemented right across the board at this point in time. We do have an establishment that's here already. As I stated, they did start off with a large staff, and that staff has been considerably reduced over the last few months because the machines and the other amenities are not there in that particular building. If you're going to do anything, then obviously it should take place there first. That's my personal feeling.

**Mr Flaherty:** On a point of order, Mr Chair: Mr Kennedy had indicated to the witness that there was no commitment by the government on 2%. That's not accurate and the witness should not be misled by a member of this committee in that way. In the budget document the Minister of Finance committed that "2% of the total terminal revenues will be set aside to establish a comprehensive problem gambling strategy that will include public awareness, prevention, treatment and research components." That is in May 1996 and the members should know about that.

**The Vice-Chair (Mr Ron Johnson):** Mr Flaherty, that's not a point of order, but thank you for the information.

**Mr Crozier:** On a point of order, Mr Chair: If you're going to rule on a point of order, I don't think you should wait until the person giving the point of order has, completely out of order, made his speech. I would appreciate it if the Chair would rule a little more quickly on it, because you knew from the outset he didn't have a point of order.

**The Vice-Chair:** Mr Crozier, I cannot rule on a point of order until I have heard that point of order.

**Mr Crozier:** Then, Chair, you better take up parliamentary procedure, because you know what a point of order is and you knew that he did not have a point of order the minute he started into it. You're being biased.

**The Vice-Chair:** What I do know, Mr Crozier, is that you're out of order.

**Mr Crozier:** I'm asking you to be fair.

**The Vice-Chair:** You are chewing up your member's time.

**Mr Crozier:** No, my point of order is legitimate, because it actually goes to the point of how the process of this committee works. You're showing your bias.

**The Vice-Chair:** Mr Crozier, I will continue to give your member one minute to ask the witness a question.

**Mr Mclash:** Thank you very much, Mayor, for your comments. I go back to one of the main points that you have brought out — and you've done a great job of bringing it out — the proper balance. This is what we will certainly be looking for. My friends talk about me and what I'm going to do in terms of this bill. I'm certainly looking forward to what their reaction to some of your concerns will be.

You talk about extra money flowing from the province to take care of local problems that may come with the increase in the VLTs across the province. This is something they're going to have to take a look at. From my understanding, there's nothing mentioned in the bill in terms of looking at those problems. Again, a very balanced approach is going to be needed. I look forward to the amendments. As my colleagues have mentioned, this is not the final draft yet. They're listening to folks like yourself, folks we've heard from today in terms of the uniqueness of this area. There's certainly going to have to be that balanced approach.

Just one —

**The Vice-Chair:** Sorry, we do have to move on now.

**Mr Kormos:** Mayor Chevrier, by God, who are you to believe? Like Chief Kakeway, in my political career, now I'm in my third successive government: Liberal, New Democrat, now Tory. During my experience, I've learned perhaps the world's greatest lie is the one that comes from government members, and I base this on my experience, who come forward and say, "Hi, I'm here from the government and I'm here to help."

Who are we to believe? Because in May 1993, Mike Harris had this to say about gambling — and I'm quoting from Hansard — "As Donald Trump says, 'Gaming doesn't come cheap.' I have to agree with a lot of the critics on that. It brings crime, it brings prostitution, it brings a lot of the things that maybe areas didn't have before. There is a big cost to pay." A month later — once again, Hansard — Mike Harris said, "Every officer and every policing dollar that goes towards casino crime or that kind of criminal activity is a dollar that's taken away from fighting the crime that currently exists on our streets." As recently as March 1996, the Minister of Finance, Ernie Eves, said: "VLTs" — that's really slot machines — "could create a lot of social problems in society. Lots of other provinces have introduced VLTs and lots of other provinces have had social problems as a result of VLTs." By God, there's been a metamorphosis, a conversion, a transformation.



Casinos became the status quo; I acknowledge that. I wasn't a fan of casinos. I opposed the casino legislation when it was introduced in 1993; I acknowledge that. But they are now the status quo and have become part of the reality. I still have concerns about how effective they are at regional economic development, but that remains to be seen. I hope my concerns are alleviated. But I do have concerns about the preponderance of slots, 20,000 of them, because that's what Bill 75, among other things, is about — 20,000 slots in every place but casinos.

Look at the history of government involvement in gaming, government endorsement of gaming. The Tories have some credit there, because they introduced official lotteries, government lotteries. It was described as going to be constrained and tempered and controlled, and before you knew it, governments became so hungry — Tories and then Liberals and New Democrats. Liberals introduced new lottery schemes during the Peterson government; the Rae years provided casinos for Ontario. Governments became so addicted to the proceeds that OLC is promoting lotteries left and right, as has been referred to. Nobody 25 years ago would have anticipated that the Ontario Lottery Corp and the 6/49s would have reached the scale of promotion they have. This is a one-way street. I appreciate now the government saying, "Oh, we're going to proceed in a constrained and concerned and moderate way." Well, the Tory government said that decades ago when it introduced the Ontario Lottery Corp and government lotteries.

I fear that if slots are not restricted to casino sites, to gambling sites, to destination sites, we are going to witness in short order, because of the government's addiction to gambling and the great revenues, the money it siphons out of people's pockets, slots in corner stores and beyond.

**The Vice-Chair:** Mr Kormos, your time has expired; I apologize. Madam worship, I'd like to thank you very much for your presentation.

**Ms Chevrier:** I'd like to just make one final comment. I feel that if the province is setting aside 2% and the 2% is not enough, then obviously it should rethink and continue to review what it's doing in the way of pulling percentages out of the revenues to cope with the various problem programs.

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#### KENORA AND DISTRICT CHAMBER OF COMMERCE

**The Vice-Chair:** Our next presenter is David Dungey from the Kenora and District Chamber of Commerce. Good morning, sir. Mr Dungey, you'll have 20 minutes for your presentation and you may like to leave some time for questions.

**Mr David Dungey:** That's more than enough. Thank you.

I'd just like to let you know that I represent the 200 businesses that are members of the Kenora and District Chamber of Commerce and that recognize primarily that tourism is our area's number one employer. Our two operating mills in our area employ less than 1,000 people. Our government jobs in Kenora as a regional government

centre: In 1991 we had 920 government jobs; we're down to fewer than 480. That's before current provincial government layoffs, while appropriate perhaps.

Currently we need tourism in our area. Tourism is our most important resource. We are a tourist destination primarily. We rely on tourism year-round to support our local economy. One of the things our members recognize is that we need to be a full-service tourism destination to compete with our neighbours to the west and to the south for vacationers' dollars. With all our neighbours having VLTs, eight out of the 10 provinces in Canada as well as our American border state of Minnesota, we need a level playing field to be able to compete with them as a tourist destination. We have the natural resources, we have the workforce and we have the infrastructure. What we need is for this government to give us that competitive tool to draw and hold visitors to our area.

In particular, our casino can be a destination attraction. It's a strong, promotable item that we can market to carry us not only in our strong summer season but to continue in the shoulder seasons of fall and winter. Snowmobile tourism is becoming a bigger and bigger part of our local marketing plan to draw tourists to our area. That type of traveller is primarily adult. They're looking for avenues to spend their money in the evening. They're looking for entertainment value. Casinos are one of those venues. VLTs in bars would be another opportunity. They're an important part of being that full-service destination.

A very important part to the Kenora and District Chamber of Commerce is that the VLT implementation is simultaneous to bars as well as charitable casinos. Again, that's to keep the playing field level. It would be unfair to give VLTs to the charitable casinos in our area or any area without making them available to licensed establishments. Small-town hotels and bars are teetering on the brink as it is. They need this secondary source of income to compete for today's entertainment dollar.

A secondary part of that, which I'm not sure has been addressed to this committee yet today and which I know is part of the mandate in this structuring with alcohol and gaming, is off-sale beer sales. Again, as a tourist destination area, there's nothing more frustrating for our American and western visitors who come to our area to be unable to purchase beer and alcohol on a Friday evening, Saturday evening, Sunday or statutory holiday. When they come into our area to spend thousands of dollars over the course of a long weekend, to be unable to purchase beer on two of those three days in today's age strikes them as ludicrous. You have to wonder what their opinion is of our area as a tourism destination spot with an archaic alcohol policy like that.

Our area receives visitors, as I said, not just in the summertime but year-round. The last figures that were given to us were that we draw a million visitors to our area a year. So it's critical to our economy to be able to satisfy those people, to hold those people in today's competitive marketplace and to hopefully draw more people.

The offshoot of all this to our area is obviously job creation, and more importantly the economic self-sufficiency that comes with that. We're looking at the addition of bar staff, hotel staff; as Chief Kakeway indicated,



casino staff up to possibly 800, they're figuring, if they got their 1,000 VLTs and were able to promote it as the destination spot that we foresee it as. That's obviously a huge impact to our area.

The ability to market our casino as well as offer VLT entertainment to our area's visitors is just the start of a much larger area economic plan that's foreseen by our economic development council and CDI. It's the cornerstone of growth for tourism in our section, and as the northwest Ontario anchor, Kenora is a very important hub in that tourism destination spot.

**The Vice-Chair:** Thank you, Mr Dungey. We have approximately four minutes per caucus for some questions, starting with the Liberal caucus.

**Mr Miclash:** David, thank you very much for your presentation. I think you've indicated very clearly the thoughts of the 200 businesses that you represent. I've certainly heard a good number of those views in terms of our destination tourism, in terms of the increase in the four seasons tourism and what the increase will bring to the area. I think you've made that point very clearly.

In terms of the chamber's views on the charitable casino as it is today and as it might be, can you maybe expand a little bit as to how they feel it's produced in the area?

**Mr Dungey:** Obviously at the moment, with the restrictive legislation in place, they aren't able to compete and it has not lived up to its expectation. Having watched it develop, having seen their training program and the number of people they hired initially — 150-plus — and the money that was spent to renovate it through contracting friends, it's a beautiful facility that is so underutilized that you feel very sorry for the band when you go that they aren't able to do more with it. The ability to market that out of our area, to draw in bus tours, to make it that destination spot, which it just can't be now — it just cannot compete; it isn't a destination spot. The marketing manager for the casino, I would dare say, would be embarrassed to go to outside markets to try and draw bus tours to our casino in trying to compete with casinos in the northern United States and western Canada, because they just don't have anything to compete with them. Gaming tables and bingo and minor keno is not something you can offer as a destination entertainment stop.

**Mr Miclash:** Another point that you made, and I think a very, very important one, is how hard the region has been hit in terms of the loss of jobs. We all in the room from the region know of a good number of government employees who have received their walking papers in the last few months. It's a great concern, so thank you for bringing that forth.

I would just like to seek a little bit more your views as the president of the chamber as to what this will do in terms of not only jobs within the establishments, which you mentioned, but beyond that as well. Could you just give us an overview of how the chamber would feel about the increases and how that will affect the entire region?

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**Mr Dungey:** Spinoff jobs are very important. One of the things that we as a chamber try to make a point of to local people who may not be, they think, directly

involved in tourism is that often they are directly involved. Whether you're a plumber, a contractor or a hairdresser, the people you service are people who are earning their income through tourism dollars. As the largest employer in the area, tourism is providing all those secondary jobs. Without it, those people don't have the income or the income level they're used to.

So if we are creating jobs through increased jobs in bars and licensed establishments, through an increase at the casino, either more hotel rooms or more occupied hotel rooms, it's creating — I'm sure David Treusch could give you a better number in terms of what one new job creates for spinoff jobs. You're probably well aware of that anyway.

**Mr Miclash:** Just one final point?

**The Vice-Chair:** Sorry, Mr Miclash. Time has expired.

**Mr Kormos:** Please tell your members who are advocates of slots: The fix is in. It's no problem; it's going to happen. I can assure you of that. The government needs the money. The government made a commitment to a 30% tax break and it needs this revenue, not to reduce a provincial deficit, but it needs the revenue along with a whole lot of other sources as yet untapped.

The remarkable thing is — and it's happened throughout the course of these hearings, this concept of the level playing field. You used the phrase several times, as have so many other presenters. The last time I heard that phrase used that often was when Canadians elected Brian Mulroney and got the free trade act.

Where does it end? Right now in the United States, craps are not illegal, a dice game. In terms of ranking of casino gambling, in the United States craps is the first preferred game, the most played game; blackjack, 21, is second; and slots are third.

**Mr Dungey:** That would seem odd given the table space devoted to them when you go to casinos. Table space definitely would not rank that way.

**Mr Kormos:** I'm telling you what the volume of money spent on the three respective games is. We don't have craps. I'm telling you what John Scarne, in his book on gambling, says is the preference. He was a major consultant in the gaming industry in the United States for literally decades.

It was suggested to us, predicted by a journalist from a Canadian casino magazine, that in one year craps will be legal in Canada, which of course takes Allan Rock and the federal government to legalize it. What if the next jurisdiction starts low-balling the price of liquor? Where does that put Ontario? What I'm talking about is the fact that we have this checkerboarding.

**Mr Dungey:** Similar to the NDP with cigarettes?

**Mr Kormos:** New Democrats cut the price of cigarettes in half. I quit for three weeks. By God, I thought I had made it, but then I walked into the corner store and there they were at \$3.25 and I thought, by God, how can I resist that? It was like I was a kid again. I bought two packs.

It remains that we're checkerboarded across Canada and in terms of the border communities. Where do we stop the competition? This level playing field is forever elusive. It's like chasing a piece of mercury. Where do we stop it when we low-ball liquor prices, when we



introduce craps? In the United States, the payoff on slots is as high as 95% of every dollar spent, and trust me, the Tories haven't got that in mind because there ain't going to be enough left for the government if we pay off 95%. So where does that game stop?

**Mr Dungey:** I have no idea.

**Mr Flaherty:** Neither does he.

**Mr Kormos:** You guys are the ones whose minister couldn't answer the questions on Tuesday, pal, not me.

**The Chair:** We are now going to the Conservative caucus.

**Mr Hudak:** I'll ask some quick questions that can be answered. I heard some figures bounced around: 800 or so jobs associated with the casino if the VLTs go through, and I think Mr Treusch mentioned 1,000 to 1,200 jobs. I guess that's the total spinoff. My understanding is that Kenora has a population of about 10,000 people.

**Mr Dungey:** The trimunicipal area is more like 18,000. It's a unique area. The border is you cross the street and you're in Keewatin; you cross the street and you're in Jaffray Melick.

**Mr Hudak:** What's the current unemployment rate in this area?

**Mr Dungey:** Approximately 10%.

**Mr Hudak:** So about the Canadian average?

**Mr Dungey:** Yes.

**Mr Hudak:** So this is substantial, 1,000 to 1,200 jobs in an area population of 18,000 people who certainly need the jobs.

**Mr Dungey:** Yes, and that would just be in our trimunicipal area. That wouldn't count rural. There are a lot of unorganized territories.

**Mr Hudak:** I certainly appreciate the strength of your presentation then in terms of creating jobs for the trimunicipal area. Excellent. And over a million people a year come to this area as well?

**Mr Dungey:** In terms of visitor days, yes.

**Mr Hudak:** I think about 85% to 90% of Americans, for example, from what I have seen, enjoy an occasional social occasion of gaming, so I think that's substantial revenue as well.

**Mr Dungey:** Yes.

**Mr Young:** Do you have any idea how your members are going to prevent minors from playing these games?

**Mr Dungey:** I would presume the licensed establishment would use the same enforcement technique that they would as far as underage drinking. We're looking at exactly the same age, 19. They card people, ID people, now to come into their establishments. They would use the same technique.

**Mr Young:** Because I believe this is a critical part of, if they're introduced, how they're introduced, and managing it locally is critical.

**Mr Dungey:** I would agree. It falls right in that same mandate, alcohol consumption and use of VLTs. It's the same procedure.

**The Vice-Chair:** Mr Klees, you have about one minute.

**Mr Klees:** No doubt your members are as concerned with the social impact of public policy as they are with economic impacts. I'm just wondering to what degree any

discussions have taken place within your membership about the social impact of a policy such as this and what the mitigating issues are.

**Mr Dungey:** I think it's like discussing religion to a certain extent. Members are divided. Families are divided. My own family is divided on whether gambling in general is a good or bad thing, and I don't think you can separate VLTs from any other form of gambling: Whether it be lottery tickets, gaming tables, hockey pools in the office, it's the same thing. I think people's views are very strong and aren't easily swayed. I think the idea of 2% of revenues going towards counselling is excellent. I think it's something that's needed, that should have been in place when the first casino went in in Windsor and wasn't. It's good that your government's doing it. It's good to know that you'll keep it under review, that if more is necessary, it would be available.

I would also like to see some of that revenue stay locally to address some of the issues that Mayor Chevrier brought forward, which are the costs to the communities, because there will be a cost increase. To what level, who knows? But seeing some of the revenues from gambling operations directed back to municipalities or regions as opposed to general Ontario provincial coffers would be appreciated as well.

**The Vice-Chair:** Thank you, Mr Dungey. Time has expired. On behalf of the committee, I want to thank you for your presentation.

#### COMMUNITY COUNSELLING SERVICES

**The Vice-Chair:** The next presentation will be Gary Norris, community mental health services. Good morning, sir. You'll have 20 minutes for your presentation. You may wish to leave a little bit of time for some questions at the end. You can begin at any time.

**Mr Gary Norris:** Thank you. I would just like to at the onset say that as an ex-municipal councillor of 11 years, I realize the political difficulty all of you ladies and gentlemen are in in making a decision. I'm not going to reiterate many of the things which have been said, but I would like to express my concerns and perhaps bring some recommendations to you for consideration.

With the legalization of VLTs, there will be an increased number of gamblers, and therefore problem gamblers, as it is estimated that 4% to 5% of all gamblers become problem gamblers. Provinces that have legalized VLTs show a major increase in gambling revenues, and VLTs account for the highest percentage of the revenue.

The province of Ontario expends a very small percentage of its gambling revenue on prevention, education and treatment for those affected by gambling. Although the Ministry of Health provided \$1 million during the 1995-96 fiscal year for education and treatment in relation to compulsive gambling, the net income of the Ontario Lottery Corp for the fiscal year ending March 31, 1995, was \$626,573,000. It is therefore quite obvious that a very small percentage of OLC's net income is now being expended on education and treatment programs.

According to the Ontario Addiction Research Foundation, the province of Ontario has one of the lowest per capita expenditures in Canada to address problem gamb-



ling. There is a chart in the presentation which I've given you, but to give you an example, Saskatchewan expends \$1.52 per capita; Ontario spends 10 cents. It is one of the lowest in the country.

There is a severe lack of available treatment services for problem gamblers and their families.

There is a significant overlap between problem gambling and substance abuse. Studies have shown that up to 50% of pathological gamblers have substance abuse problems. In Kenora, this could mean a major increase in problem gamblers due to the number of substance abusers in our district.

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Problem gamblers have a major impact on the lives of their families and significant others. A recent study by GamAnon did show that 88% of the spouses felt it did cause major emotional problems in their families; 43% stated they were verbally, emotionally or physically abused; 99% had major financial problems; and 12% had attempted suicide.

Originally, all gambling revenue was directed to non-essential good works such as the arts and recreation. This is no longer the case, as a greater proportion of revenue is now directed to essential services, for example, health, social services and education, and the gambling revenue is now indispensable for financing essential government services and balancing budgets. Government has become as dependent upon gambling as the addicts.

I'd like to now offer some recommendations for consideration.

Prevention: Preventive programs should be established and focus on developing people's awareness and skills to avoid gambling-related problems.

Responsibility to minimize the risk of problem gambling must be shared among all those who benefit from gambling: the gaming industry, community organizations and the government of Ontario.

The government of Ontario should designate a specific percentage of all expenditures expended to market gambling to produce educational material that increases one's awareness of gambling problems, for example, posters, pamphlets, stickers, audio and video ads.

It should be noted that according to the Ontario Lottery Corp's statement of expenditures for the 1994-95 fiscal year, they show that in 1995, the OLC spent over \$27 million on brand marketing for its various lottery games and approximately \$5 million in promotional advertising for OLC.

Treatment: Individuals and families whose health and wellbeing have been negatively affected by gambling and who seek treatment should be able to receive effective and relevant assistance. A range of treatment options should be available, reflecting current knowledge and skills.

This will require the development of a range of integrated and accessible services providing education, prevention and treatment related to problem gambling. To achieve this goal, financial resources must be provided to community agencies to hire additional therapists etc.

It is suggested that a pre-designated percentage of all profits from the gaming industry be allocated to the development of required treatment resources and the

education of therapists; for example, 24-hour help line, outpatient treatment and training programs for counselors.

If 5% of the province's present net income from gambling was allocated for treatment, this would translate into an expenditure of a little over \$3 million per year, which far exceeds the present expenditure.

Research: Research into the prevalence, causes, prevention and treatment of problem gambling should be conducted on an ongoing basis. The results of this research should be communicated to advance public and professional knowledge and to improve services.

General concerns: The government of Ontario should give consideration to the utilization of some of the excellent material that has already been developed in other political jurisdictions. There is no need to reinvent wheels, expend large amounts of money developing material or delay implementation of proposed plans, as relevant printed, audio and visual material is now available.

I have an example here. Of course Ontario has no information, so these are some of the things that some of the other provinces use. They're basically posters on gambling. We have here, from other provinces next to us, some of the things they do. Again, because there's no money — we have a coalition of agencies in Kenora — we've had to develop our own, borrowing information from other provinces. It's not nice, it's not glossy, but Ontario has no money for this.

The total profit and expenditures for all types of casinos should be public knowledge and not require individuals to seek this information through a freedom of information request, which is an expensive and time-consuming task. I should mention that I could not as an individual, as a director of an adult community mental health agency, gather a lot of this information without the help of our local MPP, Mr Frank Miclash. I was able to get some of this information; unfortunately, for some of the information I wanted, we would have had to go the route, as I mentioned, of the freedom of information act, and that to me is wrong.

Just to complete my presentation, I would like to mention that I've been talking profits here of only certain types of gaming. I'm not including in here the income received by the province of Ontario from casinos, racing or other gaming events. If one were to add just the Windsor Casino and the Ontario Lottery Corp profits, we're talking almost \$1 billion last year. They spent less than 1% of that money on education and treatment, and of that \$1 million allocated last year, the province clawed some back. So some of the training programs, which I should mention and I do appreciate, because I had the opportunity of attending one of them with some of my staff, some of those training programs in parts of our province were cancelled. For those that were not cancelled, some of the expenditures which were previously covered for those attending were cancelled.

Again I express concern that the province's track record for treatment and prevention is not great. While I can appreciate and I hear this 2%, I seriously hope the government becomes serious, because they're not a rookie in this game. They've been in gambling for a long



time. This is VLTs, but we in Ontario — you mentioned you went to the corner store and bought all these tickets. I could pick —

**Mr Young:** I just got a few pamphlets.

**Mr Norris:** You just got a few.

**Mr Young:** No, pamphlets.

**Mr Norris:** The reality is that Ontario has a lot of revenue from gambling but it has not been expending it on treatment, prevention and education. You heard from Mr Dave Novak, who works with me as a colleague at the hospital, some of the statistical information. I could give you stats. I'm not going to get into that kind of issue, but we have to keep in mind these latest statistics from Alberta: In less than four years with VLTs, 55% of their income has now shifted to VLTs from other forms of gambling. So let's be quite serious when we look at VLTs. I'm not opposed to VLTs and I'm not 100% for VLTs, but the province has to accept some responsibility, which it has not done, and I'm sorry.

Basically, the community agencies dealing with a lot of the fallout of this — keep in mind that our mental health budgets have been cut also. Two months ago I received from the ministry which funds us indication that our budget is cut this year and next year. That's not only our agency; that's every adult mental community health agency across the province. On the one hand we're being asked to pick up these things; on the other hand we're being asked to decrease our budget.

**The Vice-Chair:** Thank you, Mr Norris, for your presentation. Mr Kormos, about three minutes.

**Mr Kormos:** You note, as have others, that the government has become as dependent upon gambling as the addicts or, I submit, other addicts. Perhaps they should be investigating treatment programs for their particular addiction problem.

**Mr Norris:** It's not only the government now; it's governments for several years.

**Mr Kormos:** You've got it.

Let's talk about the Ontario Lottery Corp, introduced by the Tories. The total area sales for Kenora — and I have to assume that's Kenora region, because this information came from the Ontario Lottery Corp, fiscal year 1995-96 — are \$3,164,000 spent on lottery tickets, everything from Lotto 6/49 down to bingo and keno. Granted, there was a commission paid on that to local merchants, but that's \$3,164,000 that wasn't spent on food, on household goods, at car dealerships, at bowling alleys, at any other number of locations in Kenora city and Kenora area which provide goods and services to the Kenora community, that was siphoned out.

1030

You're involved in counselling and treatment. Here's just a brief anecdotal review of some of the Alberta headlines for the year 1995. Lac La Biche, Alberta: A truck driver killed his wife and himself after an argument over his use of slots. Another one: A 40-year-old female accounts clerk at an engineering firm enlisted the help of her teenage daughter to steal \$170,000 from her boss to feed her slot habit. The woman, who had no criminal record before being convicted and sentenced to 30 months in jail, was on the verge of suicide when she sought help. Another news item, Alberta: A 47-year-old

female insurance adjuster bilked \$19,000 from her employer to support her slot habit. Another woman wagered away her entire divorce settlement. Another news item: A man who lost his wife and home because of his slot habit cashed an entire paycheque into loonies and fed it all into a lottery terminal. Another item: One well-heeled Calgary gambler blew a million bucks on slots before seeking help. Another item: An Alberta bankruptcy trustee urged the government to reconsider its policy on slots after he received calls from seniors who had lost their life savings to the gambling machines.

When you speak of the reduction in funding for, among other things, mental health care — and it's not unique to the north, let me tell you, sir — and now you're being told that you're going to have to rely upon the proceeds from gambling, this commitment of 2% of gross proceeds, and when you reflect on the fact that Mike Harris and the Tories promised 725,000 jobs but we get instead 20,000 slots — not much of a comparison — do you have concerns about community health in view of the addiction of government to gambling?

**Mr Norris:** It's not a new concern; I've had that concern before, and I think Mr Michlash will corroborate that, because we've had regular meetings and correspondence. It related to, not only my concern, but the concern of the coalition of agencies within our community that were able to take advantage of the free training offered during the past year, I should mention, as I did, by the ministry about gambling. Yes, we're concerned, because there's going to be an increased number of gamblers. There's going to be, therefore, an increased number of problem gamblers. The problem gamblers are already there; we've heard that. They're out there and we're dealing with them now, but not successfully, not in the way we would like to. But I don't believe this has been acknowledged by any existing government in Ontario over the last 20 years. The money has been generated from gambling but it has not been turned back into taking a good, hard look at treatment, prevention and education.

**Mr Flaherty:** Thank you, Mr Norris. I can assure you that regardless of the inadequate funding previously, this government is committed to the 2%-of-gross figure. It's in the budget statement; it's at page 26 in the first paragraph, for anybody who wants to read it.

**Mr Kormos:** Mike Harris said there would be no slots, Jim.

**The Vice-Chair:** Mr Kormos —

**Mr Flaherty:** What the finance minister said is, "Two percent of total terminal revenues" — that's 2% of gross; no ambiguity here; 2% of total terminal revenues" — that's 2% of gross; no ambiguity here; 2% of total terminal revenues, a very substantial sum of money — "will be set aside to establish a comprehensive problem gambling strategy that will include public awareness, prevention, treatment and research components."

Certainly I agree with you about the seriousness of the problem. Any addictive behaviour, be it alcohol or drugs or gambling or whatever, is devastating for the individual and for the family and friends and business associates of the individual.

I question, to some extent, in looking at the research — and I have read the research — whether



introduction of VLTs in Ontario will necessarily result in an increased number of gamblers. The studies indicate that one has to look at the degree of readily available gambling already in any jurisdiction, and if there is a significant degree of availability of gaming already in a jurisdiction, then, as the Addiction Research Foundation vice-president said, people can get into all kinds of trouble with all kinds of gambling, but the probability of addiction doesn't necessarily increase with the introduction of video terminals. So that's a question.

The important point, though, is to deal with the addiction problem, and our government is dealing with it and is committed. What I'd like to ask you about is, since this is your area of expertise, obviously, and your life experience and training and education, what sorts of programs should the government be looking at funding in order to deal with the problem?

**Mr Norris:** I did mention generally in the recommendation some of the things, but basically one initial thing I think the government should be doing, and began to do last year, is to train the therapists who are in the communities throughout our province. There is a lack of sufficiently trained therapists in this problem area. We received some training and then there were some courses which were offered by teleconference.

I've asked on several occasions recently what the Ontario government's plans are for training this year. I keep getting told they don't have any, that they're being developed. The year is almost half over, so I question whether there's going to be a continuation of this. I also mentioned previously that some of the money that had been allocated last year for training was cut back, therefore limiting the number of people who could be trained in the province.

**Mr Crozier:** Mr Norris, you and I know, and Mr Flaherty should know, that page 26 of the budget, where it mentions the money that will flow to those organizations that are dealing with this problem, isn't worth the paper it's written on. A budget is merely intent —

**Mr Flaherty:** You're talking about your government, not about ours.

**Mr Crozier:** — it is not an obligation. I would say what we have to do, you and I and others, is to keep after the government to make this into an obligation, not just intent. We have to keep after them for funds and programs to support you. In view of the fact that they're going to borrow \$20 billion over the next four years —

*Interjections.*

**The Vice-Chair:** Mr Crozier, excuse me, please. Could I have the other members of this committee remain somewhat quiet while we have somebody speaking, please.

**Mr Crozier:** Because they're going to borrow \$20 billion over the next four years to give a tax cut, we'd better be sure that you get your hand on a cheque. That is what we really should be doing.

**Mr Miclash:** Gary, thank you for your presentation. As Mr Kormos was saying earlier, you have the person closest to the Premier in the room, sitting next to you on your left: Mr Flaherty. I hope Mr Flaherty abides by his comments, in seeing your dedication and your recognition

of the problems that are going to be faced. You've indicated that we've talked about a lot of these.

Not reinventing the wheel is something that you've indicated to me a good number of times. I know that you've received information from other jurisdictions on the problems that are faced now and the problems that are going to be faced. I think the thing you mentioned as well that we've talked about before was the cancellation of the workshops, if you might just elaborate a little bit more on the workshops, what they did for you and where you saw them going for other people.

**Mr Norris:** Last year the Ontario Addiction Research Foundation did receive some of that \$1 million which was designated by the provincial government for training. They in effect established training workshops and held them through various locations throughout the province. An invitation went out from the Ontario Addiction Research Foundation for folks to attend those training conferences.

Approximately six people from the immediate area attended, of which some were my staff, some were Mr Novak's staff and some were staff of other local community agencies. We took a course in Thunder Bay which really consisted of three days of basic training. That was followed up by an advanced course held in Kenora which we did appreciate, and subsequent to that there have been opportunities to take teleconference programs through the Ontario Addiction Research Foundation. They were also well received within the community.

Unfortunately all training ceased this year, and as I mentioned previously, some of the training courses that previously had been established in some other parts of the province were cancelled because of a lack of funding or some of that \$1 million being taken back.

**The Vice-Chair:** Thank you, Mr Norris. I'm sorry, your time has expired and we have to move on. On behalf of the committee, thank you for your presentation.

**Mr Norris:** Thank you for your attention.

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#### BEST WESTERN MOTOR INN, DRYDEN

**The Vice-Chair:** Our next presenter will be Patrick Skillen, Best Western Motor Inn. Good morning, Mr Skillen. You'll have 20 minutes for your presentation and you may wish to leave some time for questions at the end.

**Mr Pat Skillen:** Mr Chairman and members of the committee, my name is Pat Skillen. I'm co-owner of the Best Western Motor Inn in Dryden. Just for the record, Dryden is located 90 miles east of Kenora and about two hours north of the Minnesota border. We are known as the hub of northwestern Ontario, servicing many communities, including Ignace, Sioux Lockout, Ear Falls to some extent, in an area of approximately 30,000 people.

I want to thank you for the opportunity to appear here today. I have been affiliated with the hotel industry since 1974 and have served as a director, the president and the chairman of the board of our hotel. At our peak we employed approximately 75 workers. In 1994 I served as the president of the Ontario Hotel and Motel Association and in 1995 I served as the chairman of the board of that association.



Let me begin by congratulating this government for its commitment to introduce video lottery terminals in this province, and specifically to our industry. It is very interesting to note the misinformation being put forth by some to discredit the government on this issue and as a means to promote their own interests.

Ontario's hospitality industry is one of the province's largest and most important industries. The recession has hit it very hard, with sales down at least 20% and no real turnaround in sight. At least three local hotels in this community alone, that I'm aware of, have gone into bankruptcy in the last three years.

Collectively in Ontario we directly employ some 232,000 people, with another 85,000 employees indirectly, for a total of 357,000. This represents a decrease of over 90,000 people from pre-recession days. The total sales for this industry is \$10 billion annually, which equates to 3.8% of the province's GDP. We are also an important component of Ontario's tourism sector, which accounts for more than \$3 billion to Ontario annually, and are a major purchaser of Ontario agricultural products and a primary source of off-farm income in rural Ontario.

As I indicated earlier, the recession has hit this industry very hard and shows no signs that we can see of easing. Bankruptcies continue very high, which continue to threaten jobs. Since 1992 there have been more than 1,400 bankruptcies in our industry in Ontario. Many businesses continue to struggle to survive and costs continue to escalate, with revenues still in decline. On May 8 this government gave us all a hope for better days ahead with the announcement of video lottery machines.

I am here today to ask you not only to support the commitment made by the Minister of Finance on May 8 but to ask the government to commence implementation as soon as possible for our industry. I am also here today to put before you substantial facts and information on VLTs, not exaggerated misinformation that we have seen and heard recently in the press.

First of all the government is not introducing VLTs to this province, and you should be aware of that. They are already here. According to Ontario Provincial Police estimates, the numbers range from a low of 15,000 to 20,000. These illegal grey machines are now costing this government approximately \$400 million annually in untaxed revenue. Furthermore, by ignoring their presence, some businesses are forced to operate illegally just to try and remain competitive.

VLTs are an acceptable form of adult entertainment. They are not an insidious gaming device, nor any more addictive than any other gambling available in Ontario, as some would have you believe. Moreover, about two thirds of all Ontarians want them in adult licensed bars and restaurants, according to surveys. Interestingly enough, poll results show that Liberal and NDP voters are slightly more favourable to them than PC supporters.

Studies conducted by Brandon University in Manitoba indicate that video lottery players see video gambling as part of an evening's entertainment. It is planned as part of going out and hence is part of their budget planning process. VLT players play about one to two times per week and spend on average about \$10. Dr Barbara Gfellner from Brandon University, who conducted the

study, found that most people who played VLTs did so to socialize, not gamble, and that it is viewed as a recreational activity. I draw your attention to the excerpts from her study which are attached to my presentation.

I also want to commend this government on its forethought to dedicating funding towards the development of programs for those with gambling problems. There already are in the marketplace today many forms of gambling. VLTs, it should be noted, according to research, are not any more addictive than any other forms that are available, be they horse racing, bingos, casinos or pool tickets.

Data indicate that there is a small component of the population susceptible to compulsive gambling. There is no question about that. Compulsive gambling, like compulsive drinking, is not a cumulative problem which grows with the introduction of new brands and new types. Gamblers transfer their attention from one form of gambling to another. For example, horse racing revenues have declined substantially from the days when they were the only legal game in town.

Tibor Barsony, executive director of the Canadian Foundation on Compulsive Gambling, has said, "Prohibition is not the answer; education and treatment are." Dr Durard Jacobs, vice-president of the US National Council on Problem Gambling, when in Canada said: "The majority of the population has no problem with gambling. For most folks, gambling is just fun and games, but for the small minority who have a problem, it can be devastating, and we have to develop programs to help them."

It is interesting to note that research shows less than 2% of the population exhibits the potential to become problem compulsive gamblers. This compares to 6% for alcohol. However, we all recognize that for some, no matter what the product is, a problem can develop and we commend the government in recognizing this fact and moving towards it.

Despite what you may have heard or been led to believe, the introduction of VLTs in other provinces has proven to be a job creator and a major stimulus in the industry. Only in Nova Scotia, where originally they were allowed in corner stores, was there a problem. Now that they are restricted in locations as per the proposed Bill 75, we are not aware of any problems contrary to what some may want you to believe.

I should also point out that VLTs and the casinos in Nova Scotia coexist very well. A study conducted by Professor Marfels of Dalhousie University has concluded no negative impacts. There are two different audiences: One is a destination and the other is a drop-in. Based on the experience in other provinces, VLTs have created thousands of new jobs in Ontario's hospitality industry as well as providing a new source of funds for the industry and for government. In Manitoba, for example, the introduction of VLTs has resulted in the creation of almost one full-time job and one part-time job per business location. Overlay those numbers into Ontario and you are looking at well over 10,000 jobs. These, it should be noted, are direct jobs.

Prior to the introduction of VLTs in Manitoba, the Manitoba Hotel Association reported that its members were going bankrupt at the rate of about 14 per year.

With the introduction of VLTs, that number has dropped to 2 per year, a drop of over 85%. A recent survey conducted by the association just recently revealed that 65% of its members credited VLTs as playing a critical role in averting financial disaster.

Another positive spinoff is that on the local economy as it relates to the purchase of capital investments. Construction projects and the purchase of goods and services relative to the operation of VLTs resulted in a boost to the local economy. Each operator spent on average about \$20,000 to install the machines. That figure translates into well over \$100 million in capital expenditures across the province of Ontario.

In terms of an implementation schedule, we urge you to recommend to the government to moving the hospitality industry on line as soon as possible. The minister, in the budget on May 8, said VLTs were being introduced to stimulate the hospitality industry. This measure is clearly indicated to help the industry, but undue delay could in fact exacerbate the shift in business that will accrue to those who will receive VLTs in the earlier implementation schedule. This will make an already serious economic situation in northwestern Ontario even more urgent. It would also delay the fight against the illegal grey machines, including bringing the \$400 million-plus of new, non-tax revenue into government accounts.

VLTs are important to our industry for a number of reasons. Obviously they provide an important new source of revenue for businesses. The proposed 10% fee is low in comparison to other jurisdictions, which on average is 16% to 30%, but one can live with that because VLTs are viewed by the public as a desirable form of entertainment that increases the traffic flow. They bring in customers. Customers eat and drink, which creates more economic activity. A byproduct of this new activity is our agricultural sector, as our industry is one of the largest purchasers of Ontario farm products as well as off-farm employment.

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It is also important to comment on the supposed impact on charitable gaming. Contrary to what you may have been told, VLTs have not had any negative impact on charitable gaming. For example, in Alberta the drop in charitable gaming occurred with the introduction of casinos over half a year before VLTs were introduced into that province. The numbers in every province indicate no negative impact.

VLTs will help to save our industry. This is the clear and loud voice of myself and my peers across this province. The facts support that belief. We are already licensed and, as such, are proven to be responsible, professional people trained and thoroughly familiar with all the results from the operations of activities for adults.

A healthy hospitality sector through VLTs means a healthier local economy. A strong and viable business reinvests in its business, hires more people, purchases more goods and services, sponsors more local charitable organizations and sporting events, and pays taxes.

Before closing, I'd also like to comment on a number of other aspects contained in Bill 75. Combining the Liquor Licence Board of Ontario with the Gaming

Control Commission into the Alcohol and Gaming Commission of Ontario appears to be a very logical move. Combining these operations should not only improve efficiencies, but should also mean less confusion arising over the regulatory enforcement side once the hospitality industry begins to operate the VLTs. It should also assist the government in dealing with illegal "grey" machines.

I would also say we want to ensure that bad operators are not allowed the privilege of a licence. The provision to revoke a licence to a problem location on the outlined grounds of prostitution, drugs, illegal gambling or physical threats to persons is well-meaning and good. Before any final action is taken, it should require a public hearing so as to protect the rights of the owners. Interpretation is subjective and we need to ensure that fairness to all the parties is maintained.

We commend the government for taking this initiative. It will stimulate our industry without government funding. It will eliminate the illegal machines, the grey machines I've talked about, and bring the untaxed revenue into the mainstream economy, and in the process help the government reduce its deficit.

**The Chair:** Mr Guzzo, unfortunately, there's only one minute per caucus. Please proceed.

**Mr Garry J. Guzzo (Ottawa-Rideau):** Let me be quick. Thank you, sir, for your presentation. I'd like to tell you it's my second trip to your area in the last 30 days, and while I've been well treated and I wish it were a longer stay this time, coming from Ottawa and living in Toronto part of the year, I'm cognizant of the number of grey machines and I have to tell you, sir, that I've noted more in this area than in many other areas of the province. In Ottawa, the grey machine money goes to Quebec; it's a Quebec organization. In Toronto we hear that a lot of it goes to Buffalo. Where's the money going on those grey machines from your area? Any idea?

**Mr Skillen:** No, I don't.

**Mr Guzzo:** None whatsoever?

**Mr Skillen:** No, I don't. I know they're here; I know they're in the area.

**Mr Guzzo:** Let me assure you that from my observations travelling around this province, and particularly in downtown Toronto, the estimate of the Ontario Provincial Police in numbers and in revenue is low.

**Mr Miclash:** Thanks very much for your presentation. You've certainly pointed out some of the economic benefits that VLTs would bring to the province and to the area. I'm just wondering: You are the past president of the Ontario Hotel and Motel Association. What kinds of discussions have they had in terms of what they may see in the area of treatment and prevention of abuse of the machines?

**Mr Skillen:** Basically, they want to see a program set up with a percentage of the gross revenues, or however the final formula comes down, helping the people who have problems. I don't think it's just with gambling; it's with alcoholics, with all of those things. There's going to be that segment of people who are always going to have problems, but they want a program in place to help those people out.

**Mr Miclash:** Is the association happy with what they're seeing today in terms of what the government is



willing to provide for funding for those kinds of programs?

**Mr Skillen:** I can't answer that.

**Mr Kormos:** Thank you kindly. Again, it's certainly not your fault, but obviously the very same presentation you gave today was presented by Rod Seiling on August 7. We already had a copy of it. It was presented several times already by other members of your association. Again, I don't fault you, but I certainly would expect your association to have tailored the presentation to the respective area.

But I should ask you to consider, because I'm aware that you make reference to the Brandon University study by Gfellner, and again there's some reference to it, but what Mr Seiling's speech fails to identify is that while there may well be in the range of 2% of the gross population with gambling addictions, 9.3% — this is the same Brandon study — of VLT slot players are pathological gamblers. The same report also says that "As shown elsewhere, more people gamble when opportunities to gamble are more readily available. Thus, the accessibility of VLTs places more people at risk for gambling addiction and for some this will include involvement in criminal behaviour."

I understand your industry's interest, and you're not unique here in the north across the province. Your industry has been hard hit by the recession and by changes or reductions in travel both by Canadians and by Americans coming into Canada, although Lord knows that with the 40% discount they get they should be coming here more often.

I have no hesitation in telling you that you are going to get slots. Start designing the space right now. You will use them to your advantage, I'm sure, but the reason for the government giving you slots isn't a benign interest in your industry. It's because they need the money; they need the cash.

**The Chair:** Thank you very much, Mr Kormos.

**Mr Kormos:** They made a commitment to provide a 30% tax break for the rich. That's what they need them for.

**The Chair:** Thank you, Mr Skillen, for your presentation here today. We appreciate your attending.

#### LAKE-OF-THE-WOODS HOTEL

**The Chair:** Our next presenter will be Lake-of-the-Woods Hotel, Mr Allan Van Belleghem. Welcome, sir. You have 20 minutes. I'd request that you proceed.

**Mr Allan Van Belleghem:** My name is Allan Van Belleghem. I am the owner of the Lake-of-the-Woods Hotel in Kenora, Ontario. I am also director of the northwestern zone of the Ontario Hotel and Motel Association. I would like to thank you and the committee for the opportunity to speak to you today.

I am here today to lend my support to the introduction of VLTs into the hospitality industry. In general terms, I would like to plead the economic need of small establishments in the alcohol beverage industry such as mine. In the past two decades, governments have not realized, or do not care, what the unreasonably high hikes in alcohol taxes have done to the people in our industry. It has led

to a major decline in employment, lack of funds for reinvestment in the business, and inhibited reasonable wage escalations.

In the case of the Lake-of-the-Woods Hotel, employment has dropped from 42 employees in the mid-1970s to 15 employees today. Our industry needs new avenues of income. I feel the establishment of VLTs in licensed premises is the only answer at this time, as I cannot imagine the government of Ontario would consider a reduction of alcohol taxes or the discriminatory 10% retail tax now or in the immediate future. We need new avenues of income. We also have to diversify our businesses to keep up with the changing economic environments and social attitudes.

#### 1100

The economic impact of video lottery moneys in Manitoba has had a considerable effect on job creation and investment into the Manitoba economy. I personally have benefited from lottery revenues, as I am involved in the establishment of a new boat manufacturing plant in Steinbach, Manitoba. This plant has been developed partly through the use of the REDI program. The REDI program is funded by lottery revenues. This program works with new businesses to develop strong business plans and then guarantees loans to banks. This creates a better lending environment for new businesses. The government has to become more pro-business development, and VLT revenues could not only help the hospitality industry but other sectors of the economy of Ontario as well.

If you accept the proposition that VLTs should be legalized in the province of Ontario, I suggest that it is logical and prudent that such machines be installed in licensed premises. Licensed premises are already strictly regulated by a government agency. Regulations and inspection services as they relate to gaming could, I am sure, be easily integrated into the liquor licence board services.

Liquor licences, as in other provinces, have proven to be a natural market outlet for VLTs. Furthermore, machines could be allocated to licensed establishments based on seating capacity, devoid of any political influence or favouritism.

I do not feel liquor licensees should have exclusive rights with respect to VLTs in Ontario. Consequently, I have no objection to their establishment in charitable casinos and racetracks. However, as all liquor establishments, as well as racetracks and charitable casinos, are in pursuit of the entertainment dollar, equal opportunity should prevail. In other words, access to the machinery should be provided simultaneously, with no so-called test period. In certain areas the entertainment industry should be given preferential treatment. I feel it would be a shame to have a testing period for VLTs in view of the experiences of the other province which experts of the government can draw on.

I might also add that a figure of 10% representing the video outlet's share of VLT revenue has been bandied about in the press. This percentage would certainly not create the impact required in our industry, nor is it comparable to the percentages allocated in other jurisdictions. This unfairness would be further compounded if the

government sharply restricts the number of machines in each establishment as has been reported by the press.

In conclusion, I feel it is imperative for the government to implement VLTs throughout the hospitality industry in the province. It should be done swiftly and fairly so that the benefits can be seen in the near future.

**The Chair:** Thank you very much, Mr Van Belleghem. Mr Miclash, you have four minutes.

**Mr Miclash:** Allan, thank you. As probably one of the youngest hotel owners in the province, I think it's important that we get your views on where the industry is today and where it's going in the future. I'm familiar with your establishment, and you've indicated, and I've certainly seen, the employee reduction from 42 in the mid-1970s to 15 today. If you were to go ahead with the installation of the VLTs in the establishment, how many machines would you be looking for or looking at installing, and what impact would that have on your employee numbers?

**Mr Van Belleghem:** As far as numbers, I'm familiar with the Manitoba system's being so close and I have friends in the industry there. From what I see, their allocation of machines is a fair system. It allows for growth. It allows for hiring new people because of the amount of machines they have. If the government goes ahead with the 10% they're talking about, it is half what Manitoba is receiving. So cutting our amount compared to theirs doesn't make any sense. It's not a true benefit like the Manitoba industry is getting right now.

As far as jobs, I know many of the establishments in Manitoba are crediting as many as three or four in their establishments because of VLTs. I think that isn't far off if we have the numbers and we have the revenues. The money coming in allows you to look at new avenues. It takes off your emphasis on a total reliance on liquor sales and you can look to new avenues to growth, renovations. Our hotel has 40 hotel rooms that aren't open. There's no capital there to renovate and maybe make apartments. The jobs, with the extra money it will create, I think it will be enormous just in my establishment.

**Mr Miclash:** Something you didn't touch on, and it's been touched on in other presentations, is the availability of off-sale. I'd be interested in your comments to allow the committee to hear how you feel about off-sale.

**Mr Van Belleghem:** I believe in it. I would estimate that every weekend I have between 20 and 30 people coming into my establishment. They are 99% tourists coming into my establishment, looking for beer, and this is after hours. They cannot understand why they can't get it. It's pretty obvious in this area that it's needed because we don't have the hours they have in southern Ontario, I don't believe. I believe they have longer hours, but the beer store here closes early and so does the liquor store, and people from other provinces aren't used to that.

**Mr Crozier:** Mr Van Belleghem, welcome this morning. You've given us some evidence about the concern over the reduction in tourist spending in your industry. I think we all want to search for ways to assist you in that. What's led to it? Can you just very quickly tell us when this began and what you feel is the reason for the reduction?

**Mr Van Belleghem:** I will talk about my place specifically.

**Mr Crozier:** Sure.

**Mr Van Belleghem:** It's a matter of economics now for myself. Basically, I have two bars, a lounge and a big bar, and it's just a matter of acceptability, socially and price-wise.

**Mr Crozier:** People have stopped spending money, in other words, or somebody has stopped, or they've reduced it.

**Mr Van Belleghem:** Yes.

**Mr Crozier:** Have you got some idea what's led to that?

**Mr Van Belleghem:** I would just say the economics of our province right now. You see it everywhere, cut-backs —

**Mr Crozier:** What I'm trying to relate then is, if they don't have the money to spend now, if they're concerned about job security, those kinds of things, are they going to have that money to spend on gambling? I just throw the question out.

**Mr Van Belleghem:** I think they do. It's pretty evident in what's happened in Manitoba. People have the money to spend on entertainment. I'm relying on liquor sales. That is moving away. I need a new form of entertainment in my establishment; otherwise I won't be here in two years.

**Mr Crozier:** But if they don't have the money, what difference —

**Mr Van Belleghem:** They seem to have the money in Manitoba. Why wouldn't they have it here?

**Mr Crozier:** I don't know. That's what I'm trying to get at.

**Mr Van Belleghem:** It could have been the government before the present one right now kind of caused this, but I'm not sure.

**The Chair:** Thank you, Mr Crozier. I'm sorry, Mr Kennedy, time has elapsed. Mr Kormos, you have five minutes.

**Mr Kormos:** Once again, as with other hoteliers, I understand why you want slots in your hotel, because they can generate fantastic revenues. I understand that. Quite frankly, there are going to be others in the lineup. The racetrack industry wants them in the racetrack industry, but most of the racetrack industry doesn't think they should go outside of the racetracks, because again they want to protect their self-interest, right? They think slots are fine as long as they're making the bucks. Here you are, the hotel industry — I'm not saying you specifically, but I'm speaking in generalities — saying, "Racetracks are fine and hotels are fine, but don't move on into" — let's say — "unlicensed establishments."

Well, the fact is corner store people are interested in them too. The 7 Elevens, the Avondales, the Beckers, they sell most of the \$3 million of lottery sales that are sold here in Kenora, and they consider themselves perfectly capable of monitoring the usage of a slot machine.

Interestingly, you talked about the percentage take that the tavern owner or hotelier should have, and you dismissed — because we haven't had hard data on what it will be, the take by the hotelier. You talked about the need to be in excess of 10%, and you talked more in the range of 20%. In your planning, what would you expect



to generate in revenue, for you as the hotelier, the host of a machine, of a slot, over the course of a year? Have you reflected on this? What's your anticipated take for a year as the host of a machine, per machine?

**Mr Van Belleghem:** From what I understand — I'm going from Manitoba once again — the last I heard each machine averages for an establishment approximately \$5,000 a year.

**Mr Kormos:** And that's at 20% of the gross amount bet?

**Mr Van Belleghem:** That is 20% of the moneys made after payouts.

**Mr Kormos:** Okay. So it's 20% of the net revenues?

**Mr Van Belleghem:** Right.

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**Mr Kormos:** The other problem — we were speaking earlier with the chamber of commerce about it — is the problem of payouts, because American casino-type slots adjacent to our borders here advertise payouts as high as 95%. I read in gambling journals that that's how casinos compete with one another, that's how one slot location competes with another, by offering a higher payout.

What type of payout would we have to have in Ontario, especially in border communities like we're in right now, to be competitive with American slots?

**Mr Van Belleghem:** I honestly couldn't answer that. As far as the American slots, that's the first I've ever heard of the payouts. I don't think it's a matter of competing against them. I think we're trying to create income; we're trying to create jobs. I don't understand what the problem is with introducing money into this province to help the economy. It's mind-boggling that we sit here and we get the screws put to us every day by the government of Ontario. It's time to take the screws out and let us do business. Business pays for social programs. It's tiring to hear you people tell me to stop doing business.

**Mr Kormos:** Then why not go hell-bent for election and legalize slots, and anybody who wants to host a slot can have one? Why not do that?

**Mr Van Belleghem:** That's your opinion. I just —

**Mr Kormos:** No, I'm asking you, why not? Let's go. Anybody who wants a slot, have one, if you can pass the requirements.

**Mr Van Belleghem:** I think it has to be regulated. I think we have the place where it can be regulated properly. We have the age restrictions. We're doing it already. It's the perfect solution. We don't want it out there everywhere. We want it restricted.

**Mr Kormos:** So you don't want to share that end of it with the other of the business community —

**Mr Van Belleghem:** It's not just us. In my speech I talked about programs set up in Manitoba with lottery revenues. It helps the economy. We're not talking about one industry; we're talking about an entire economy.

**Mr Kormos:** We shall see.

**The Chair:** Thank you very much, Mr Kormos. We have Mr Hudak, Mr Johnson and Mr Klees, and a total of five minutes.

**Mr Hudak:** Thank you, Mr Van Belleghem, for your presentation. The opposition was playing a little politics there in asking you to solve questions involving the

whole political sphere. Your area of expertise is business. You care about the Lake-of-the Woods Hotel and what this means for your business in the community.

I have a follow-up on Mr Crozier's questioning. Where are the jobs going to come from? I've been listening to the mayor of Kenora who wants to make Kenora a tourist destination and increase tourism here. We also heard from Mr Treusch, who has estimated another 1,200 jobs coming into the area, and certainly the chamber of commerce thinks a similar number of jobs will come into the area, and millions of Americans coming in a year. So we're not talking just about your current customer base; we're talking about making Kenora a potential destination to attract all kinds of new customers. If the government proceeds with Bill 75 and we're successful with this for Kenora, what does that mean for increasing your 15 employees to more, and what does that mean for those 40 rooms you had to close under previous governments?

**Mr Van Belleghem:** If it has the impact, which I think it will, I know that personally I have it in my plans to renovate. I think there's a need for more hotel rooms in Kenora as it is. I would love to renovate. It's great for the economy. In Manitoba, like I say, I have friends there, I do business there, it's pro-business in that province, things are happening, people are renovating. As an example, there's a small hotel in Ste Anne, Manitoba. It is a very small establishment; it was run-down. A person took it over and he got the off-sales and he's got lottery machines. He's going to pay it off and he's going to reinvest. It's obvious what it's going to go for the local economy just for himself and the province. It's a good thing right now, that I can see.

**Mr Hudak:** For you as a businessman this means good things for Lake-of-the-Woods Hotel?

**Mr Van Belleghem:** It's great. We need to invest money. We need to create jobs.

**Mr Ron Johnson (Brantford):** I want to thank you for your presentation, Allan. I think one of the key things you said — at least what I picked up — was that this is going to stimulate the entire economy in this area, not just your particular industry. That's a very important point, and I've got to tell you, we got the same message in Thunder Bay when we were there. We had a number of people in the small business community there saying to us, "Look, we're talking about an incredible number of jobs that will be created as a result of this initiative," mainly because of the fact that you're a border town and a lot of your tourism dollars are going there and you're not able to compete, as with the local casino here, properly in the US market. I think I agree with you on that, that we have to rectify that.

I don't think they understand it, though, quite frankly. I don't believe they for one minute can understand the challenges that small businesses are facing in this province. I think we do.

**Mr Crozier:** I was in small business before you were born.

**Mr Ron Johnson:** Well, you're an old guy.

**Mr Guzzo:** Maybe it's senility.

**Mr Ron Johnson:** If it's true that he has been in small business, then maybe he does see the light and maybe he

is going to help the community of Kenora, and hopefully your local member will do the same, because they're in a position where they can help execute this bill and make this area viable and a tremendous tourism attraction in a number of ways. I think this community is going to be watching your local member very closely —

**Mr Van Belleghem:** You got that right.

**Mr Ron Johnson:** — to see if he's actually going to represent the business interests and the 1,800 jobs that will come here as a result of this legislation.

**The Chair:** Mr Klees, you have one and a half minutes.

**Mr Klees:** As is typical, Mr Johnson's taken most of my time. Mr Chair, if I don't have the time to really deal with this issue, I'd like to be first on the next list, please.

With regard to implementation of VLTs and the economic impact, one issue we haven't discussed yet in these hearings is the impact it has on the stability of your business from the standpoint of financing. In your view, I'd like to hear from you what you feel your banker, your lending institution would feel if you now have a new dimension to your business strategy.

**Mr Van Belleghem:** That's true. I've just recently bought the hotel from my family. Four years ago, after 20 years of being with a bank, we had a little tough time. We went for a line of credit and the bank, after 20 years of never missing a payment, wanted a personal guarantee from our family, just to get a line of credit to operate. If we have money, if we have cash flow, the banks are going to start liking us again. Banks do not like business right now.

**Mr Klees:** As a result, you'll be able to enter into a capital expansion, and that in turn has its trickle-down effect into the rest of the economy.

**Mr Belleghem:** Like I mentioned, in Manitoba, when I first started my boat business, I wanted to be in Ontario, but the NDP was in power so why would I be in Ontario?

**The Chair:** Thank you very much for attending today. We appreciate your comments.

### LAKESHORE HOTEL

**The Chair:** We are moving on to the Lakeshore Hotel, Mr Douglas Stemkoski.

**Mr Kormos:** On a point of order, Mr Chair: In response to Mr Flaherty from yesterday when Mr Flaherty, on a point of order, refuted the proposition that a request for proposal had been issued for the purchase of slot machines, and the Chair permitted that point of order on the part of Mr Flaherty, I have a July 12, 1996, article in the Kenora Daily Miner and News written by Fred Rinne indicating that Ingrid Thompson, communications assistant to Norm Sterling, confirmed an RFP, a request for proposal, has been issued for the video lottery terminals.

**The Chair:** Thank you, Mr Kormos. That is not a point of order, as you know.

**Mr Kormos:** Why would Mr Flaherty lie to the committee?

**Mr Flaherty:** I didn't and it's a misquote. There you go, Mr Kormos. It never was accurate. I've given you the official —

### Interjection.

**Mr Flaherty:** My name's not there. I have the accurate information. I gave it to you yesterday, Mr Kormos. If you don't believe me, that's your problem.

**The Chair:** Mr Kormos, again you used a word which is not parliamentary. You know that.

Mr Stemkoski, they're using up your time.

**Mr Doug Stemkoski:** Thank you very much for allowing me to make a presentation today. My name is Doug Stemkoski. I'm the owner of the Lakeshore Hotel in Keewatin and I'm the past director of the Ontario Hotel and Motel Association.

I have with me a presentation to make and I'm going to make it. I had it written on paper, but rather than do that, my colleagues did such a wonderful job, I think I'm going to give you my story without the written presentation.

I have 30 years in the hotel industry. I started in 1964. Actually, I've had 32 years. I moved to Ontario in 1978 and in 1978 it was a pleasure to do business in this province. As the years went on, instead of things getting better, they started getting worse. Taxation started to come in, drinking and driving laws got stiffer — I'm not saying that I condone drinking and driving, but I'm just saying that everything piled together to hurt the small rural hotel owners. I can tell you that there are many rural hotels in this province right now that are suffering greatly, that are behind in their taxes. I know some hotels that are behind three years and are going to lose their hotels. They're going to go bankrupt. So the point I'm trying to make is that we have to have some added value in this business in order to survive, in order to renovate, like Mr Van Belleghem said, in order to do business in this province and hire people, so we can exist. In my particular business, when I started in 1978, I had six employees working for me. Right now, we are a ma and pa operation, because we can't afford to pay out the wages to run the business as a viable business.

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Another thing which I must say, besides the VLTs, we very strongly recommend that this government look at off-sale beer, which definitely helps the Manitoba system too. I am from Manitoba originally and I know the system in Manitoba. I have family in the hotel business in Manitoba. I asked some of my colleagues in Manitoba last year, at the Manitoba hotel convention, what would happen in a small, rural hotel if they took away the VLTs and off-sale beer. The answer I got: "We'd go bankrupt." This is what's happening in the province of Ontario at this time.

This is where I make my case to this government. I'm asking this government to look at small, rural hotels and when you're implementing the VLTs in this province, I'm saying to you, bring them in at the same time as you're bringing them into racetracks and charitable casinos. Why should we always take second seat? I can't understand why this is the case. So I'm pleading with this government to give us the VLTs at the same time that the other establishments get them.

As far as off-sale beer is concerned, I just want to touch on that a bit because it hasn't been mentioned too often, and I'm a very strong advocate of off-sale beer. I



was a representative for Northwestern Ontario Associated Chambers of Commerce when we met with the former NDP government, to no avail. Nobody would ever listen to us. Small business was going down. All we got is the cold shoulder.

I'm very happy to say at this time that I am pleased that this government that's in power at least is looking at our business. All I can say is I have nothing but praise, and because this government is in power, I've already started some renovations on my hotel and I hope to go further with them. This is my presentation. Thank you.

**The Chair:** Thank you, sir. We have approximately five minutes per caucus.

**Mr Kormos:** I had a feeling you were going to say that, but I've got to tell you something: Rest assured, relax, it's a done deal. We've got these committee hearings. The House has even returned yet, we haven't had third reading on Bill 75, but Ingrid Thompson, communications assistant to the Minister of Consumer and Commercial Relations, confirmed with Fred Rinne, the managing editor of the Kenora Daily Miner and News, that a request for proposal has been issued for the video lottery terminals. We're speaking of —

*Interjections.*

**Mr Kormos:** It was up here —

**Mr Flaherty:** Again, on a point of order, Chair: That is not accurate information. The member knows it's not accurate and he persists in repeating it in a public meeting. That's typical, misleading someone before a public —

**The Chair:** Mr Flaherty, I'm sure you're aware that it's not a point of order.

**Mr Kormos:** Quite frankly, Fred Rinne, who is the editor, I have a lot more confidence in his credibility than in Jim Flaherty, based on my experience with newspaper editors and their disinclination to misquote people. So here we are. The request for proposal is there. The deal is done and I have no doubt that racetracks are going to get their slots. I'm concerned about the charity casinos as they exist now, because the government, as you know, is going to revamp the system of charity casinos, and I don't know where Golden Eagle's going to stand in that process. There's going to have to be a lot of work done in that regard for Golden Eagle to maintain its status quo. The hotel and motel association has been I think effective and successful in making sure that they're going to get their slots.

**Mr Stemkoski:** You'll notice I didn't use their presentation.

**Mr Kormos:** Quite right, and I appreciate that, you can't believe how much, and the same with the person prior to you, Mr Van Belleghem, who brought personal and individualized experience.

You talk about beer and wine. That's an interesting thing because right now the corner store industry is pressuring, lobbying this government for beer and wine in the corner stores. That issue goes back to 1954 in this province when the Tories were in power again. It goes back to 1954. The reason I know that is because I read a 1954 newspaper just a little while ago and came across it in a Queen's Park report. Do you propose to share the beer and wine business in terms of off-premise sales? Are

you satisfied that corner stores have the same opportunity?

**Mr Stemkoski:** No, I don't think they should. And you want to know why?

**Mr Kormos:** Yes.

**Mr Stemkoski:** Because we already are licensed and we could lose our licence if we sell to minors and people who are intoxicated. How are you going to put those controls in corner stores?

**Mr Kormos:** 7 Eleven says they're prepared to have to be licensed too. They're prepared to have to comply with all the requirements. They do it in the United States. They indicate —

**Mr Stemkoski:** We're not the United States. This is Canada.

**Mr Kormos:** We will be soon with these slots. They do it in the United States —

**Mr Stemkoski:** By the way, they're not slots, they're called VLs.

**Mr Kormos:** Where I come from, you put money in and the buzzers buzz, they're slots.

**Mr Stemkoski:** I've been listening to you say that all day today.

**Mr Kormos:** Yes, I know. Of course. That's what they're called, slots.

**Mr Stemkoski:** Okay.

**Mr Kormos:** That's what they're called. You see, this government wants to call them VLTs because that's got a nice spin to it. Gambling experts call them slots. Right?

*Interjection.*

**Mr Kormos:** In the 1930s they called them one-armed bandits. But the beer and wine sales in corner stores, the 7 Elevens, Becker's and Mac's milk are going to argue that they are now restricted to selling cigarettes only to people over 19. They point out that they've never been busted for that. They card people on a regular basis. They point to the Quebec experience where corner stores sell beer and wine.

What I find interesting is that you come here, you're going to get your slots. Okay? The corner stores are going to have to wait for theirs. That's a couple of years down the road, but I'm convinced it'll happen.

**Mr Stemkoski:** I don't think they will.

**Mr Kormos:** The government says it won't, which persuades me all the more that it will because the government already uses corner stores as their primary distribution centre for lottery tickets; \$3.164 million here in the Kenora area alone, most sold through corner stores. Why don't you want to share —

**The Chair:** Thank you, Mr Kormos. If we can proceed to the next caucus. We have Mr Klees, Mr Hudak and Ms Bassett. Five minutes.

**Mr Klees:** Thank you, Mr Stemkoski, for your presentation. What I particularly appreciated about it is that you speak from practical experience and you're hitting at the heart of what we're trying to deal with in this bill.

I have to say that I regret that our colleague Mr Kormos persists in using this forum to propagate misinformation. However, I do believe also that the people in this province are watching this process very carefully and I believe that they are more than ever assured that they made the right decision last June 8.

**Mr Stemkoski:** Absolutely.

**Mr Klees:** Because it's this kind of misinformation that they were subjected to for five years.

**Mr Kormos:** Be specific. Call me on it.

**Mr Klees:** Well, Mr Kormos, you have the ability to put the minimum amount of information into a maximum amount of words, and misinformation at that.

**Mr Kormos:** Read the research, Klees. Be specific.

**Mr Klees:** What I would like to do, Mr Stemkoski, I'd like to just follow up with you on the economic issue of this and that is the value of your business. There are two components to a business. One is the revenue. If you don't have enough of that, you're out of business.

**Mr Stemkoski:** That's right.

**Mr Klees:** The other is what no doubt you and many others like you over years have done and that is, you've invested your time, your money, your energy into building a business and that's the asset value. At some point, you want to have an asset that you can either sell or you can pass on, and that's the other component of business.

I'd like to get a sense from you, first of all, of what you feel has happened over the last few years to the asset value of your business, and second, what will happen to the asset value of that business with the implementation of this bill?

**Mr Stemkoski:** In the last number of years, I would say over the last 10 years in fact, the hotel industry has really gone downhill. I think it's because of overtaxation and the laws that have been implemented against small business actually that have really deterred small business from flourishing. I know myself in my business, in my little hotel in Keewatin, which is mainly a tavern business. We're mainly alcohol, is that it's gone on a gradual downhill and there is no way that we can turn it around with just alcohol; it's impossible. I'm relating back. When I came in, in 1978, to 1996, the business isn't even viable any more. We have a hard time paying our taxes, by the way. Now what's going to happen if we don't get some changes, such as Bill 75, there will be no hotel in Keewatin, Ontario. It will be closed, locked and my family will have to do something else. So when you talk about assets, if nothing is done with Bill 75, which I'm sure is going to be, we're in serious trouble.

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**Mr Hudak:** Thank you, Mr Stemkoski, for your presentation. I also appreciate very much your stalwart defence of the small businessperson and how difficult it's been over the last 10 years to try to get ahead.

**Mr Stemkoski:** It has.

**Mr Hudak:** This will give you a tool to attract more customers, not just in this area but from the States and the other provinces as well. So I salute that defence. It was interesting to see the reaction you get from somebody with a different viewpoint in a five-minute speech and no questions directed back to you, talking about everything from slot machines to corner stores but not talking about Bill 75 or VLTs.

My question's the same as to Mr Van Belleghem. I asked him the same thing. What's this mean directly for jobs in your business and for other types of businesses in the area?

**Mr Stemkoski:** I know for sure that if we get VLTs — and I'm also going to put in off-sale beer once again because they're both very important — I would say that we're going to be hiring more staff. I might be able to get back to the original staff I had when I first started in business. We will create some jobs and these jobs which we create as one hotel — and I'm saying many businesses are going to do that — are going to be a spinoff to the community, which is going to make the community grow. You're going to have less welfare. We're going to be more self-sufficient. We hope to bring in more tourism, which we will. So it's a win-win situation.

**Ms Bassett:** Thanks so much for your presentation. You mentioned that you as a licensee of alcohol were controlled to prevent selling to minors. I wondered, do you feel the same responsibility if you were to have VLTs, that you would be responsible to prevent and protect their use by minors?

**Mr Stemkoski:** Yes, we would do the same as we do with alcohol.

**Ms Bassett:** Do you have any plans of how you would do that?

**Mr Stemkoski:** We would card people as they come in. If they looked young, we would definitely card them, and definitely we wouldn't allow any people into our establishment under the age of 19 years old. That's how we'd monitor the VLTs, the same as we do the liquor.

**Mr Kennedy:** I want to thank you also for your presentation. It's genuinely helpful to hear the situation that you're in, and we certainly heard from numerous members of the hospitality industry about the genuine problems that have been faced as a result of the economic downturn.

I just want to focus on how valuable the VLTs could really be to addressing the situation, which should be addressed. The VLTs for this area might be in the order of — there have been 5,000 minimum committed to charity gaming halls of the 20,000, perhaps 10,000, depending on what sliding scale the government chooses to use. Another 2,000 have been committed to racetracks and half of those to the four major racetracks. That leaves a number for Kenora, which has 36 licensed establishments, of between 10 and 20 VLTs. This government has already indicated at different times it's only permitting 10% revenue. I was just wondering, do you think those kinds of terms will have the kind of impact that you so clearly indicated is needed for different establishments?

**Mr Stemkoski:** What I'm trying to tell you right now is I think that this government is capable of looking after the situation. I think they'll do the best in their ability and I'm not going to start getting into numbers at this time. I'm sure they know what business is all about and they will handle it appropriately.

**Mr Kennedy:** I just want to point that out. I appreciate that faith, but this government has proposed, compared to governments across the country, to take more money for itself and give less money to the establishments and to the charities than any other government that has used these. That's fine, but for the business establishments it should be clear that this isn't going to have that economic impact unless you prevail on them to change that.



**Mr Stemkoski:** I'm not getting into that right now.

**Mr Miclash:** Doug, we've actually spoken a good number of times about the things that you've presented here. As a former director of the Ontario Hotel and Motel Association, I know your involvement with them as well and your points of view. Something that I asked Pat Skillen earlier on was, what involvement do you personally see or do you see that association having in terms of treatment and prevention when it comes to problem gamblers in the province?

**Mr Stemkoski:** We're like anybody else; we're going to do the best we can to cure any problems there might be in society. I think once again the government will do the right things according to what it sees fit. This is what I see. I'm not a professional on this particular matter, but I'm sure there are people out there whom the government has who are professionals.

**Mr Miclash:** Do you see any kind of commitment that you could get from the association towards implementation of a program?

**Mr Stemkoski:** I could talk to the association and see if I can get one. I don't have one at this time.

**The Chair:** Thank you, sir, for your presentation.

For the purposes of Hansard, there were a number of people who could not make presentations here today, but I believe we have with us Mr Pearson, who is the mayor of Keewatin. Welcome, your worship. I'm sorry if you did try to make a presentation and weren't able to. We also have Reeve Motlong. Welcome again. I spoke to you earlier and explained to you the problem in time pressures.

#### GORDON ELDER

**The Chair:** We now have an individual speaking to us, Mr Gordon Elder. Please proceed. You have 20 minutes.

**Mr Gordon Elder:** I am here as a retired citizen. I would like to make a statement at the beginning of this submission: There is no plausible reason whatever for the expansion of gambling activities in the province of Ontario at this time, that is, other than to satisfy the greed of the Harris government to further the taking of money from those who in many cases are living below the poverty level, are on welfare, and giving that money to the supporters of his Tory-Reform government who don't need it. The Harris government promised a 30% cut in Ontario's income tax, which obviously would benefit the wealthiest segment of the population, and now they intend to implement a poor tax, because basically that is what VLTs are.

To talk of Common Sense Revolution is sheer hypocrisy. They are bent on undoing programs that even previous Conservative governments instituted. Their election campaign was very similar to the "big lie" technique used so successfully by the Fascists in Germany back in the 1930s. The media in Canada today are firmly in the hands of the wealthy, who manipulate ideas and shape public opinion. Let's not kid ourselves. These reactionaries have already wreaked great damage on the fabric of a decent life in Ontario.

What possible reason could there be for the Ontario government to introduce video lottery terminals into the

province at this time? The largest group supporting the installation of VLTs in Ontario, besides the Harris government and its supporters, is the hotel and liquor industry. They would have us believe that this would attract more tourists and create an atmosphere where hotel bars would be as acceptable as local community centres. Tourists, Canadian and from the US and other countries, are looking for enjoyment of a lifestyle that is entirely different from their own. The installation of VLTs will not make this country any more attractive to tourism. This can be backed up by interviewing foreign visitors. I know because any I have asked for their opinion said it is definitely not what they are looking for when vacationing in Canada.

During the last Ontario elections, candidates who supported or told these enterprises that they would support the introduction of VLTs were told they would receive financial help in their election campaigns. This government has stated that the provincial debt must be reduced, as they considered it to be the main problem facing the Ontario economy. In order to attempt to achieve this, the Harris government has launched what can only be described as an insane attack against the living standards of the people of Ontario, especially those who are the have-nots. In its first year in power it has embarked on a policy of slashing the health, education and welfare benefits that had only been achieved since the end of the Second World War.

#### 1140

This idea, the VLTs, is certainly not for the betterment of the general population. It is solely to make the rich richer. The gambling revenue of course would help to partly make up for reduced income taxes from the wealthy being introduced as part of the nonsensical revolution.

It is the responsibility of parties in opposition to oppose, amend and/or attempt to prevent the passage of legislation which is detrimental to the majority of our residents. I would expect that all the opposition parties and MPPs, including the Kenora representative, Frank Miclash, will do everything in their power to inform the public as to the damage that will be done to the economy and to the way of life we enjoy in Ontario if VLTs are installed in our province. These machines do not create wealth. Their installation must be opposed by all citizens who are interested in improving the Ontario standard of life that we have had up to now.

It is unfortunate that there are only two provinces left that do not have VLTs: British Columbia and Ontario. They constitute almost 12 million people. For this province to install these machines would be a step backward and would further strengthen the right-wing Harris government.

The economics of video lottery terminals, or as they are more commonly referred to, VLTs, must be examined in the overall picture as to what actually takes place in this process dealing with the transfer of funds from the poor to the rich.

It is interesting to note that many of the gambling lotteries and machines were at one time part of the structure of organized crime. Organized crime is still big business in Canada, and there appears to be a fine line

between that which is legal and that which is criminal. If the government endorses this kind of business it may be legal, but it certainly isn't morally right.

The removal of cigarette taxes, together with the resumption of tobacco advertising, has resulted in an increase in the sale of tobacco products and a further assault on the living standards of young Canadians especially. These government policies favour the corporations, including of course those that support the Harris government. The installation of VLTs will also benefit the corporate crowd, which makes up the most ardent supporters of right-wing policies.

The most misunderstood function in this form of gambling machine system is that the only cash flow is from the players to the owners of the machines. It is the most lucrative method of all forms of gambling, and I must emphasize that eventually it takes virtually all the cash put into the machines. There are two machines in the local casino that dispense money: They are Bank of Montreal ATMs, which are not equipped to receive money for deposit, only to remove money from your account. The VLTs are rigidly programmed so as to operate in a fixed selection method so as to give the impression that they are randomly operating and that there is a chance for the players to win. These machines are adjustable as to the rate of payouts.

They are successful in that people taken in by VLTs actually believe they are going to get their money back or even more. The machines are designed and programmed to accomplish one thing, and that is to fleece the customers. Among the players there are no winners. There are times when there are payouts, but winnings will find their way back into the machines. This especially is the case of machines that are placed in hotels and bars, because there is no accumulation jackpot that could amount to a large sum of money.

In the case of a casino where there are machines that are part of an accumulation jackpot, it operates on a fraction of a percentage of the money that is being played automatically being put aside for a larger payout. These machines that are grouped together to create a large jackpot are of course even further adjusted so as not to operate in a free, random, mathematical program, as they are programmed to extend the time even further for the winning combination to appear on one of the VLTs. You can be sure that in order to pay out a prize, for example, of \$250,000 at a casino, millions of dollars will be taken in by all the machines that are part of that accumulation jackpot.

Dealing with the scattering of machines throughout hotels and bars produces a clientele that becomes addicted to this form of gambling, and any temporary gain will be recycled into the VLTs and will accumulate to be divided at, say, 20% to the licensed operators and 80% to the government. That's the case in Manitoba.

The placing of this equipment in bars is a further enticement to increase the consumption of alcohol. Society as it is cannot cope with the problems created by alcoholism and the cost in human lives. As well, the health and social programs stemming from it is a great burden on a large percentage of the population. It must be remembered that many innocent people die or are

crippled for life and their families suffer in anguish as a result of drunken drivers.

Any policy which increases gambling and the use of alcohol and tobacco is counterproductive to the health of Canadians.

Locally, one only has to read the list of organizations in the Kenora area that deal with all the social and health problems we already have. We are not able at the present time to overcome the suffering that already exists, let alone get legislation that increases many of the problem areas.

Further to this, it should be noted that in dealing with health problems in this province, Mr Harris has unilaterally decided that Canada is to become part of the "plutonium club." This can only lead to more catastrophic life-and-death situations.

All the policies of this government are bent in one direction, and that is the destruction of democratic institutions and policies that benefit the vast majority of the residents of Ontario.

Dealing with VLTs, we have the Manitoba example. In their case, as a result of the scattering of machines throughout the rural area as well as the larger cities, there are a lot of poor people now, and the machines are programmed to ensure the players cannot beat the system. In Manitoba, it must be noted that in marketing this product when it was first introduced, the odds, according to many players, appeared to have been somewhat better than after the machines had become firmly established.

Historically, people who have been hooked on bingo, for example, have gone through the same process, winning usually small sums of money occasionally and eventually placing it back into the games. During the period that they participate they will dispose of a considerable amount of what would have been part of their life savings.

These games were sponsored to support charity. This is another difference between the two forms of gambling, as usually in the case of bingo anywhere from 40% to 60% of the gross amount will go to a charitable cause. This would not be the case with casino bingos, as the percentage would be much less, if at all.

In the case of VLTs that are not in the casinos, there are no winners among the players in terms of any net earnings. The other difference, of course, is that nothing will go to charities. In the case of Manitoba, the right-wing government is boasting about the amount of VLT money being used to pay down the provincial debt.

The example of what is taking place in Manitoba is an advantage in that we can examine the results of the VLT machines that were spread across Manitoba by the reactionary Conservatives. It has turned out to be a cash cow to the Tory government at the expense of Manitoban society as a whole.

In the Manitoba example there can be no debate as to how the money is split between winners and the government take after paying the hotel owners their cut from this racket. The reason, of course, is that when players cash in their payout slips — they don't operate on coins — they do one of several things: They may take a break and resume play without leaving the premises, they may simply move to a different machine and resume play



immediately or they may leave and come back to play another day.

Adding up payout slips and declaring this as the winnings from VLTs would be considered fraud if peddled by criminals. So what's the difference? There is none. It's fraudulent no matter who is running this kind of racket.

Recently the Manitoba government announced that it was reducing the number of VLTs in the province by 650. The public relations here was that this was to do to their understanding of the problems being created by this form of gambling. How nice of them.

1150

This wasn't the truth. The real reason for the reduction was that they had too many machines distributed, and their marketing research indicated that they would even increase their returns by creating an artificial demand because of fewer machines being available. Further to this is that the patrons would spend more time in the establishments in order to get to play and would increase the amount of liquor consumed while waiting.

Health is another area of concern. The effect on the people who spend hours at the terminals, it must be realized that they are placing their eyes very close to a video screen, and there is already ample evidence proving that the radiation being emitted from such screens is detrimental to health. There is also an effect on the wrists of people who spend prolonged hours repeating the same motions of the hand operating VLTs.

While Mr Harris is busy shutting down hospitals and slashing the health programs that belong to the people of Ontario, he introduces policies that are going to make more people sick, both mentally and physically, from gambling, alcoholism and their associated social problems. Can Mr Harris be concerned about how many more children are going to go hungry because of his nonsensical policies? For one who had his share of bologna sandwiches, I guess he really isn't giving it any thought.

It must be understood that these machines are fixed in that the rates at which they will pay out any winnings are of such a proportion that VLT operations are a guaranteed method of extracting money from the people who can least afford it. What other lottery can take in hundreds of millions of dollars without there being any winners of a substantial amount, say, for example, an amount of even thousands of dollars let alone millionaire winners?

The 6/49 lottery, for example, has a guaranteed percentage after the GST is paid to the federal government and after the \$10 prizes are deducted from the major jackpot pool; 45% of the net income from ticket sales is then set aside for prizes, of which, after the \$10 prizes are allotted, the first prizes start at 50% of the remainder.

VLTs have no winning guarantees whatever. What they do have is a built-in losing guarantee, in that all who play these machines, the more they play them, the more they will lose. Why this government is intent on their installation is because it will take in well over \$1 billion yearly from those who can least afford it, but of course, when you're attacking the living standards of the poor and the people whose jobs are being axed by the policies of the

Harris Reform-Conservative coalition, this is just another weapon in the arsenal.

These machines are the latest product of electronic technology and are fantastically more sophisticated than the original one-armed bandit. They can analyse market strategies for the lottery industry as well as control the rate of payouts. They are sophisticated enough that they can keep a player interested enough to keep playing until the money is all in the machine. This is a time when market research is applied in any way possible to squeeze more revenue from the poor and the desperate.

Tens of thousands of citizens living below the poverty line are paying into these machines more than they pay into federal and provincial income taxes. If the taxes on the lowest-income citizens were raised, there would be a loud cry of "Unfair," and an even louder noise if it were the wealthy people and corporations that were being taxed at this rate.

The price for this racket is very high: hungry children, domestic violence, family breakups and an ever-increasing cost to society as a whole. People get into a debt situation that they cannot get out of and the results are many. Crime and violence in the streets increase, and there is a general breakdown of the lifestyles of many people, but mostly the poor.

To talk of any percentages of returns to players of VLTs is nonsense. The only winners in this racket are the Conservative government, the hotel keepers and the federal government. The federal government is directly involved in VLTs in that by getting provincial and municipal governments to extract money from the poor in order to make up for cutbacks to the provinces and the municipalities, they make it easier for the feds to slash the living standards of Canadians even further. The sooner Canada rids itself of this racketeering, the better off we'll all be. Rather than get sucked into this quagmire of VLTs, it's about time Canadians took action against both the Conservative-Reform government in Toronto and the right-wing Liberal government in Ottawa.

When we talk of VLTs we are talking taxes. The first fact that should be understood is the income tax situation in Canada. In 1950, individual income tax was 47.8% of the tax collected, whereas corporate income tax was 46.4% of the tax collected. Since that time there has been a drastic change as to who has been paying their income tax. By 1992, individual income tax had grown to 90.2% of the income tax paid, whereas corporate income tax had steadily declined and constituted only 7.6% of the income tax paid to Revenue Canada. The source of these statistics is Revenue Canada and is available to anyone at their public library.

Why talk about taxes? The introduction of VLTs into Ontario is simply another tax grab from the poor, and a very despicable one at that. It will constitute one of the biggest tax grabs of the Harris administration.

The mostly foreign corporations pay little or no income tax and they certainly won't be playing VLTs.

The corporations will always argue that their tax rate is too high, but the problem is that many corporations and wealthy individuals pay no income tax or very little income tax. The amount not collected from the wealthy over the last 50 years is in the hundreds of billions of

dollars. The result of this unbalanced taxing, of course, has been deficits and growing debt at all levels of government.

The Canadian establishment and its senior partners, the large multinationals, decided long ago that it was far more profitable to lend money to governments than to pay taxes and it was far more profitable to receive government grants than to make charitable contributions to those who are in need.

The wealthy, the rich Canadian corporations and the foreign-owned transnationals have on their payroll thousands of tax specialists and corporate lawyers whose job it is to see to it that their masters pay little or no income tax in Canada. These economists know full well the sinkhole for the poor that VLTs represent.

Deferred taxes — taxes that will never be paid — tax breaks to the wealthy corporations, every trick in the book has been employed to avoid paying taxes. Forgivable loans, losses of previous years carried forward, tax incentives from all levels of government have been given to large corporations, which in many cases are now foreign-owned.

**The Chair:** Thank you, Mr Elder. I'm afraid your time has elapsed. I would thank you on behalf of the committee for your presentation.

**Mr Elder:** Thank you very much.

#### JERALDINE BJORNSON

**The Chair:** Our next presenter is Jeraldine Bjornson. I believe the list states that this was an organization, but I understand you're making a presentation just on your own behalf?

**Ms Jeraldine Bjornson:** I am.

**The Chair:** Thank you, if you would proceed. I've been mispronouncing names all day today and I apologize.

**Mr Klees:** Mr Chair, could we get clarification, please? The agenda indicates Knox United Church. Could I just have clarification if this is in fact —

**The Chair:** We just dealt with that. The presentation is a personal presentation only.

**Mr Klees:** Okay.

**Ms Bjornson:** I'm making the presentation as a private citizen but I can say that I also am reflecting the position of Knox United Church in Fort Frances as well as Cambrian Presbytery — I believe you had a presentation from them yesterday — and the Conference of Manitoba and Northwestern Ontario of the United Church of Canada.

My comments this morning will be general, related to gambling and VLTs. I'm afraid I haven't had an opportunity to read the legislation, which makes me feel a bit uneasy, but was on holidays for most of July so I didn't get to that and didn't get a copy.

I, among others, was taken by surprise as I listened to the budget speech and heard the Minister of Finance announce the proposal to expand access to VLTs in Ontario. I had actually believed this government's promise not to expand gambling and their seeming commitment to local option regarding gambling. I believed that they were as valid as the other promises

which the government had begun to implement. Alas, I was wrong.

Based on the rhetoric regarding photo-radar that we're ridding this government of a cash cow, I believed the cash cows might in some way be something this government didn't support, but alas I was wrong again.

Even though one of the technical staff who appeared before this committee earlier this week stated that the nature of the activity is to play the game, I believe that the inclusion of VLTs in the budget speech is a clear indication that the primary reason for expansion of access to VLTs is a financial reason. VLTs are money-makers for governments. They're cash cows. One might praise the government for their honesty in the whys about VLTs, but I suspect that would be damning with faint praise.

#### 1200

When one begins to look at the issue of VLTs, charity gambling and gambling as a whole, there are many issues which could be addressed. I've only chosen a few. On my way here, in the three hours as I drove through the rain, I thought about the number of briefs I could have written about the difficulties with using VLTs for community development or a whole list of signs of addiction that governments are showing towards gambling.

The proposal to expand access to VLTs has been couched in considerable altruistic rhetoric: We can stamp out illegal machines; people want to play the games; we're giving them what they want; we can save the horse racing industry; we can save the hospitality industry; we'll put more money into the hands of charities, or we'll jumpstart the entire economy. I'm of the opinion that this rhetoric is nothing more than an attempt to justify bad means by so-called good ends.

The rush by this government and other governments to raise revenue through the avails of gambling is, I believe, another sign of the breakdown of the social covenant in Ontario. We live in a political atmosphere which breeds anti-government and anti-tax feeling, and in the process, our belief in the collective good has been eroded. So in the midst of unravelling the social safety net on the grounds that we can't afford it, the touted solution is to gamble. This solution is seemingly supported by a belief that gambling or playing VLTs is voluntary, not coercive like taxes.

Fairfield University professor Lisa Newton says this of casino gambling: "There is an ironic justice in the fact that our eagerness to legalize casino gambling for the sake of the revenues follows directly from our unwillingness to assess ourselves a fair and adequate amount in taxes. The problems with our public character dovetail with the problems with our private character." I believe the same could be said for our eagerness to increase access to VLTs.

Our belief in an equitable society, where individuals who can contribute a fair share for the public good, is eroded by governments which do a slick job selling us VLTs and other forms of gambling as benign activities which contribute to the public good.

At the same time, we find ourselves in an economic climate marked by stress and instability. Individuals fear that the good life of which they dream cannot be theirs



through work. "When people face hard times, they succumb to the idea of getting rich quick. Lotteries prey on their desperation."

The implied response of governments that encourage gambling is: "You don't need to take responsibility for your wellbeing, just play the game. Your dream might come true." Governments are crossing the line when they introduce video lotteries and run advertisements emphasizing how much you can win. They're appealing to a sense of greed.

As the United Church Conference of Manitoba and Northwestern Ontario stated in their brief to the Desjardin commission in Manitoba, "Part of the tragedy of state involvement in and encouragement of gambling is the sign that even our government seems to have given up on the virtues of working to achieve your dreams."

We sell this dream without being honest about the reality that few are going to hit the jackpot; few are going to get rich playing VLTs. It's more likely that they will lose than win. They must lose. If they didn't, VLTs and other forms of gambling would not be a lucrative source of revenue for governments and we wouldn't be here discussing this proposal this afternoon.

John Copley, in an article entitled "Gambling of Any Kind: Our Future is at Stake," says:

"Oh, yes, I know and understand that all profits from various venues available for gambling do not go to the government alone. And I suppose that this new-found industry does create some employment, but I think that it creates a lot more heartache and despair than most would like to admit. And what's it all about? Why have we chosen this particular path? Simply to raise money? Probably not, but somewhere along the line good intentions have gone astray and now it's just become a battle for your bucks.

"It's not difficult to see, if one decides to take a realistic look, that casinos, VLTs and a great many other games of chance (and I use the term chance lightly) are designed to ensure that only those who make the rules win. Everyone else, especially society, loses."

I am of the opinion that Mr Copley is correct.

We can argue about whether gambling is a tax on the poor. There are those who would argue that both rich and poor gamble; there is no means test to play a VLT. That may be true, but the statistics which are more important are those which indicate the percentage of income which is expended in gambling. There's little disagreement among researchers that the poor spend a larger percentage of their income on gambling. In most cases those who are not poor are using expendable income, income that would be used for other forms of entertainment. For many of the poor who gamble, it's income which is necessary for the essentials of life. They often gamble because they are the most desperate. They believe they just might win the game.

We could also argue about gambling problems and addictions related to VLTs. In most, if not all, jurisdictions in which VLTs have been introduced, those who work with problem gamblers are seeing more and more individuals who report problems with VLTs. Because VLTs are so new, at some level the jury is out on just how addictive they are, but some things are becoming

clear. Women are more likely than men to rate VLTs as an exciting way to gamble. Harvard researchers have indicated that 10% to 14% of North American adolescents risk developing gambling problems and they're twice as likely as their parents to become potential gamblers. There are studies that indicate that youth are more likely to be addicted to VLTs. These youths will soon be of an age that they will be able to play VLTs legally in Ontario. What does that foreshadow for addictions in the future if VLTs are allowed to proliferate?

Larry Desjardin, the chair of the Manitoba lottery policy review committee, has said a few things about VLTs, and I'd like to quote him:

"I believe VLTs are responsible for the majority of gambling problems in this province. They are referred to as the 'crack cocaine' of gambling.

"These machines are designed to entice the public to gamble, often large amounts, as well as what meagre winnings a player may have. No doubt VLTs bring in much revenue, but the benefits are exaggerated and few statistics exist for a true analysis of the net social and economic benefits from legalized gambling in Manitoba."

The concern is not only an individual's addiction to gambling; the greater concern is that governments have become addicted to gambling, and their addiction has been and will be forced upon charities and non-profit organizations.

This brings me back to my point about the breakdown of the social covenant and how we build a caring and equitable society. It should not be through an entire society becoming dependent on the avails of gambling; it should be through a covenant among the citizens of Ontario that we will work towards a fair and progressive tax system which allows those who can to contribute to the common wealth.

As a committee, I believe you have an opportunity to do what is right and recommend that Bill 75 be amended to withdraw the provisions regarding VLTs. The choice is yours: Do what is right and protect the wellbeing of Ontarians, or choose to do what is destructive to those whose wellbeing you have been mandated to protect.

**The Chair:** We have approximately two and a half minutes per caucus.

**Mr Miclash:** I would just like to take this opportunity to thank Ms Bjornson for travelling from Fort Frances. I know a number of the members from southern Ontario don't realize the distances that we do have to travel sometimes to present views to the committees and other groups travelling throughout the riding. I would just like to thank you for your views, as I would like to thank Mr Elder. I didn't have a chance; he was cut off. I really appreciate the views that you've put forward to the committee, and I'm sure that when they go back to their deliberations in Toronto, they will take these into consideration.

1210

**Mr Crozier:** Not to waste any time, but I too would like to thank you for coming this distance for many of the same reasons that my colleague has. And only to point out, Mr Chair, to some of the folks here how we are learning to appreciate some of the concerns of the north, I mentioned to Frank earlier this morning that I

can drive back and forth through the longest part of my riding three times before Frank gets to his next community. So we do appreciate some of the logistics that you have and some of the problems you have in the north.

**Mr Kormos:** Ms Bjornson, again, I think all of us understand the desperation of a whole lot of facets in the community: working people and the unemployed as well as small business. You know and you've heard here today that there's more than a few people around who see slots as a quick fix for an unhealthy economy. People know full well they are more inclined to — not more inclined. I share your view in contrast to those who readily embrace slots as quick fix.

There's a whole lot of research out there. You have canvassed it somewhat admirably in your submission, in a way that quite frankly the government to date hasn't. I'm merely hopeful, again, if I'm wrong about the — because the sad thing is, the slots are going to happen. I've reiterated and reiterated the news report in the local newspaper written by Frank Rinne indicating that the request for proposals has already gone out. That was indicated to Mr Rinne by a senior member in the bureaucracy at the Minister of Consumer and Commercial Relations.

I'd love to be wrong in this instance about my fear of slots and the impact they have on communities and on individuals and on families. Government talks about 2% for gambling addiction. Who is going to pay the rent of the families where the paycheque or the social assistance cheque is blown on the slot? Who's going to pay for the destroyed lives of the inevitable family and spousal abuse that accompanies the devastation of gambling addiction? Who's going to pay to reconstruct the lives of children who suffer in the homes of people who become addicts?

You see, there's a suggestion that you're born an addict. I say no, no more so than you're born a cigarette addict or a booze addict or a drug addict. I suggest that any one of us in this room and beyond could become a cigarette addict — I know the process: been there, done that — could become a booze addict, an alcoholic, could become a drug addict, could become a gambling addict. To be somehow aloof and elitist, that it's only going to be somebody else who's going to become the addict and become the victim I think is a really unfortunate perspective, because it's ourselves, it's our parents, it's our sisters, brothers, it's our children who become addicts. I find this a terribly frightening proposition. I hope I'm wrong.

**Ms Bjornson:** Could I make a comment about something?

**The Chair:** Unfortunately, ma'am, we have limited time and that's not possible. We have Mr Young and Ms Bassett, two and a half minutes.

**Mr Young:** I would just like to comment because I share some of your concerns in struggling with a difficult issue.

In society, 6% of people who drink have a problem with alcohol. We try to address it other ways. We don't ban alcohol. We know people are going to gamble one way or another. There are lots of other ways to gamble as well as VLTs. We know that we couldn't eradicate gambling. People would go to other provinces; people would go to the States. So we're struggling with how to get control of, in this case, what's already there. Because what we found out is there are 15,000 to 20,000 VLTs out there, and legitimate business operators who are abiding within the law are at a disadvantage. They're at a disadvantage competitively with operators in other provinces and states. So what we're trying to do, where we're heading with this, is to get control of this.

We're going to put 2%, which could be as much as \$9 million, into programs to help problem gamblers — never, ever been done before in the history of Ontario. I'm very proud of that plan. There will be up to \$180 million of new money for charities and communities, and the rest to help pay the bills in the province. We're getting control of something and doing some positive things with it, but we're not introducing it because it's already there. Were you aware of that?

**Ms Bjornson:** I'm aware of that. And earlier this week one of the strong supporters from the horse racing industry, I believe it was — it might have been the Barrie Raceway — was very supportive of the legislation but also pointed out that there is a way to get rid of illegal VLTs, and that's a crackdown and to get rid of illegal VLTs.

**Mr Young:** You know what? I have talked to the police about this, and I'll tell you, a police officer has to go into an establishment and spend approximately two hours. They'd have to play a machine for a while, get a payout, get the person behind the counter to pay them, and do that twice to lay a charge. Then they'd have to spend courtroom time. It's extremely time-consuming for our police forces to go into the many, many, many places they are and try and enforce these laws. So that is a problem. I'll let Mrs Bassett speak.

**Ms Bjornson:** That's an administrative issue that I think could be addressed.

**The Chair:** I believe the time has elapsed. I'm sorry, Mrs Bassett.

I thank you very much for your presentation here today.

We have concluded our deliberations for today. The buses will be at the front door, so you can check out. There will be bag lunches available as we drive to the airport. This hearing is adjourned to Monday, August 12, 1996, at 9:20 am.

*The committee adjourned at 1216.*











## STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

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Mr John L. Parker (York East / -Est PC)

Mr David Ramsay (Timiskaming L)

Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Ms Isabel Bassett (St Andrew-St Patrick PC) for Mr Doyle

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli

Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson

Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston

Mr Gerard Kennedy (York South / -Sud L) for Mr Conway

Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton

Mr Frank Miclash (Kenora L) for Mr Ramsay

Mr Terence H. Young (Halton Centre / -Centre PC) for Mr Parker

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**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service



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**Monday 12 August 1996**

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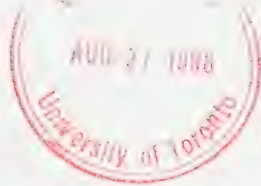
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## **Standing committee on administration of justice**

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## **Comité permanent de l'administration de la justice**

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Monday 12 August 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Lundi 12 août 1996

*The committee met at 0921 in room 228.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996  
LOI DE 1996 RÉGISSANT LES ALCOOLS,  
LES JEUX ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / *Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.*

## BURLINGTON CENTRAL LIONS CLUB

**The Chair (Mr Gerry Martiniuk):** Good morning, members of the committee and ladies and gentlemen. This is a continuation of the hearings of the standing committee on administration of justice considering Bill 75. I see a quorum. The member for the third party, Mr Kormos, has phoned and advised that he is unavoidably detained and consented to the committee proceeding this morning. Our first presenter this morning is the Burlington Central Lions Club, represented by Mr Mike Wallace and Mr Ron Bell.

**Mr Ron Bell:** Mr Chairperson, members of the committee, my name is Ron Bell and I'm the chair of Nevada ticket fund-raising for the Burlington Central Lions Club. I'm here with fellow Lion Mike Wallace. I wish to thank you for the opportunity to present our club's perspective on the introduction of video lottery terminals in our community and the changes we would like to see to Bill 75.

The Burlington Central Lions Club has reviewed the proposed legislation, Bill 75, and we have identified a number of areas of concern we wish to bring to your attention. Our purpose here today is to make concrete suggestions on how the bill can be improved to serve the needs of local charities and their communities.

It is our understanding that Bill 75 will allow video lottery terminals to be introduced in liquor-controlled establishments throughout Ontario to raise revenues for provincial programs and for charities in the province. The use of VLTs will be restricted to those 19 years of age and older.

As members of the Burlington Central Lions Club, it is our strong opinion that the proposed legislation will

have a negative effect on our club's ability to fund-raise for local charitable needs. At present, the Burlington Central Lions Club has a Nevada or break-open ticket outlet in a licensed liquor establishment in Burlington. We also share Nevada ticket revenue from the bingo hall in which we are a sponsor organization. This source of fund-raising is a key component of our club's ability to carry out our charity work in the community. In real dollars, our net proceeds from Nevada ticket sales are \$20,000 per year. This represents as much as one third of our total fund-raising efforts for the club.

As federal, provincial and municipal governments continue to cut back their expenditures, there is more and more pressure on service clubs and other community groups to assist in meeting the needs of their community. Here are two examples of the Burlington Central Lions community work. In 1995 our club raised over \$50,000 for our local hospital's capital needs, and this year we are raising a similar amount for defibrillators for the Burlington fire department. These are only two of our projects and both are meeting the local needs that governments are unable to fund.

Areas of concern: We are not necessarily opposed to the use of VLTs in the province to raise both charitable and government revenues, but we believe Bill 75 could be improved. After reviewing Bill 75 and consulting with our Lions Club and other charitable group leaders, we believe there are two areas of concern Bill 75 needs to address:

(1) That local charities within the municipality be the direct recipients of the VLT charitable revenues.

(2) That the percentage of revenue generated by the VLTs for charitable purposes be clearly defined.

Local charity involvement: The act in its present form does not identify which or how many charities will benefit from VLT fund-raising. Local charities rely heavily on bingo and break-open ticket revenue to support their activities in the community. The introduction of video lottery terminals could wipe out this revenue source for our club. If our present Nevada ticket outlet was to introduce a VLT into its business, our ticket sales would likely be greatly reduced or eliminated. Under the proposed legislation the charity revenue from the VLTs would go to the province to be allocated on the recommendation of the minister.

It is our opinion that VLT locations should be associated with local charities, similar to the present system for bingo and break-open tickets. At present, it is the responsibility of local charities to find commercial sites willing to operate as Nevada ticket outlets and sell break-open tickets on behalf of the charities, which must register the outlets with a municipal licence. The local charities are



responsible for the administration of the Nevada ticket sales at these commercial outlets and directly receive their share of the ticket revenue. A similar system should be adopted for VLT locations to ensure local charities have the ability to serve their local needs.

**Percentage for charities:** The legislation as proposed leaves the amount and payment of revenues earmarked for charities to the recommendation of the Minister of Consumer and Commercial Relations. The Minister of Finance has in the past stated that 10% of the revenue will go to charities in Ontario. We feel that a minimum percentage should be incorporated in the act to ensure that a significant sum of VLT revenues is available to charities in Ontario. We would suggest that a 20% minimum should be incorporated into the legislation. This would ensure that local charity work could continue at its present level.

Our club has approached the city council of Burlington for support of our position. The city has responded and its position is attached in appendix 1 to this submission.

In conclusion, we strongly recommend that you incorporate our suggestions into Bill 75, as they will have a threefold effect:

(1) Greater acceptance of the video lottery terminals as constituents will have a clear understanding that a large percentage of the revenue will go directly to their community.

(2) Better distribution of the charitable funds as VLT charity revenues will be allocated by local volunteers for local needs.

(3) Local charities and community groups will be able to continue their fund-raising efforts in partnership with the province instead of in competition with the government.

Thank you for your time, and we would be happy to answer any questions.

**Mr Bruce Crozier (Essex South):** Good morning, gentlemen. Mr Bell, I think you've hit the nail right on the head with your suggestions as to how charitable fund-raising should be done and how it should be community-based. In your recommendations I see where you have the community at heart. Your last comment, that you're "able to continue...fund-raising efforts in partnership with the province instead of in competition with the government," is a very good point, because as you're well aware, the government is going to take 70% of the revenues from this, notwithstanding the fact that it says that the bill is "to fund charities through the responsible management of video lotteries."

0930

But I want to get to the point on break-open tickets and your reliance upon them. The information we have is that in Ontario the profit to charities is \$197 million a year. The government, in its largess, has said, "We'll give you \$180 million from VLTs." They have no idea how it's going to affect your Nevada tickets, and I believe, as you do, that it's going to drastically eat into those Nevada ticket sales. We've heard figures of 40% and more. So what they're saying is that notwithstanding the fact that in Nevada tickets alone you're hardly going to get the revenue you got before, they're even going to suggest that you'll get less than the total Nevada tickets in the province of Ontario.

As far as the local control, how would you propose that you would work with the government to see that the funds are retained locally? In other words, regulation we need to control lottery revenues, I don't suppose you want to get involved in that regulation, but you want to be part of the distribution of those funds. Is that correct?

**Mr Bell:** Yes. Perhaps I could ask my colleague Mike Wallace to go over this portion with you, which we have done in conjunction with the city.

**Mr Mike Wallace:** To answer your question directly, we spoke not only to our club but to a number of sponsor charity groups within the city of Burlington. They're happy, actually, with the way the Nevada ticket operation and the bingo operation work, where there's a municipal licence and they deal with the local government to do the administration of the funds. Their feeling was that a system which would allow the local municipality to determine how many VLT outlets there are, where the locations are and which charities are earmarked for those funds, done through the local municipality, would be the best, most efficient way, rather than trying to deal through the bureaucracy down here in terms of whether the local Burlington Central Lions would ever see a penny from a VLT that was in a bar that we had previously had our Nevada tickets in.

**Mr Gerard Kennedy (York South):** I'm wondering if you're concerned that this might take away completely the role of the Lions in the sense that the Lions Club acts as a conduit for community goodwill, deals with a lot of requests, identifies needs in the community, and the government takeover of the gambling may find instead people applying directly to government. I also wonder if you might want to comment on what happens when there are so many charities that could apply because it's no longer just you acting as a community service club. Seen as a government involvement, won't there be a tremendous number of the charities operating in Burlington that will want, then, to have part of the revenue? How could that possibly be handled?

**Mr Wallace:** Our concern is that what will happen is the dollars come in here and the large, organized groups — the cancer society, Easter Seal Society, the large charities with the local staffs — will get the provincial money from their provincial offices. For us, as a local service club, we're all volunteers, and the money is raised and distributed by volunteers. We identify the local needs, which you have mentioned, that don't necessarily fall within the realm of what those other larger organizations are doing. We are concerned that we would never see any trickle-down from that.

The other advantage to dealing with us is that it is volunteers who are putting in the time to do the administration, where when you're handing out funds to provincial or national or international organizations, some of that money will get eaten up in their administration of the cash through their staffing and their staffing levels.

Those provincial groups, which I have worked for in the past, have professional fund-raising staff. They have the ability to implement programs, whether it's direct mail or whether it's event fund-raising, that the local volunteer group doesn't have the expertise or the time to be able to do to replace the money we're going to lose

off Nevada tickets. Nevada tickets, to be honest about it, are relatively easy for us. There is some administration to it. It raises a fair amount of dollars for us, one third of our budget approximately. As a volunteer group, we need that ability.

**Mr Jim Flaherty (Durham Centre):** Good morning. We've had several days of hearings, and I'm pleased to hear from a Lions Club. We have not heard from a Lions Club yet, I don't think. We have heard from Rotarians. A number of the members of this committee are members of service clubs, so you're talking, to some extent, to the converted about the need to raise money for charities.

A number of the suggestions you've made, which we all appreciate, deal with matters that are not in Bill 75, but deal with implementation matters. There will be further consultation. We're very pleased as part of this process to receive input on that, although it's not our direct concern with Bill 75, which sets up the enabling legislation, the structure, so that the government can go forward with the consulting about implementation, about what's a charity and what isn't a charity and how proceeds can be allocated.

I would say this about the figures mentioned by Mr Crozier, the member for Essex South: The overall charitable revenue now, revenues going to charities under the present situation, is about \$290 million. This legislation would result in up to another \$180 million going to charities. So from all of our points of view I'm sure we all can take some joy from that, because the goal of the exercise, after all, whether it's the Lions Club or whoever raising the money, is to get more money into the hands of needy charitable causes.

Under Bill 75 there will be the permanent charity gaming halls as a source of funding for charities. I imagine the service clubs would be involved in them, as they have been over the years in various bingo halls and so on around the province, providing the manpower so that they get revenue from it. The second source will be the funds coming from video lotteries, which you've mentioned, at 10% excluding video lotteries at racetracks. The roving charities, the Monte Carlo nights, will continue to exist on a limited scale. They'll be only one day rather than three days and they'll be scaled back, but that opportunity to raise money for charity will still be there.

As I say, the overall revenue we're looking at is up to \$180 million more for charities. With respect to the Monte Carlo nights, which are earning charities \$10 million to \$15 million per year, we're looking at an increase of more than 10 times what charities in Ontario are receiving today.

I raise these points with you in a hopeful way that the service clubs will take hold of these opportunities under Bill 75. I welcome the suggestions you've made, which are here. We'll certainly look at those as the matter proceeds through the implementation consultations, and there will more of those.

**Mr Frank Klees (York-Mackenzie):** Along the same lines, I just want to reassure you that this legislation that's before us, as Mr Flaherty has indicated, is the framework only.

I also want to reassure you in terms of the attitude this government has towards the volunteer sector. You'll

recall that the Premier appointed his parliamentary assistant, Julia Munro, with the express responsibility for coordinating volunteer initiatives around the province and to ensure the volunteer sector has the attention of the government and also has the assistance of the government in delivering its services.

I'd like to make a recommendation to you. That is that you perhaps communicate in writing with Ms Munro, expressing your concerns and, more importantly, your recommendations in terms of implementation and that you perhaps volunteer to participate in this process, because that's really what this is about. What these meetings are about is to provide you with an opportunity to come forward and make your recommendations so that we can ensure this is delivered to everyone's benefit.

**The Chair:** Mr Bell and Mr Wallace, I thank you for your attendance here this morning. It's most valuable.

0940

#### COMMUNITY POLICE LIAISON COMMITTEE, METROPOLITAN TORONTO POLICE, 12 DIVISION

**The Chair:** Our next presenter is the community police liaison committee of 12 division, Ms Barbara Spyropoulos. Good morning and welcome.

**Ms Barbara Spyropoulos:** Good morning. I'm with the community police liaison committee from 12 division. We're a partnership with the community, the politicians and the police who try to make sure that our community is in relatively good working order.

I've prepared a handout for you. It's on this hideous salmon-coloured paper for two reasons: (1) You won't lose it in a stack of paper, and (2) that's what was donated.

I'm not going to go over any of the objections that have probably been made in the past. I've been sort of monitoring the newspaper. We have all those objections, but we're not going to waste time talking about them here. You've heard them already. Our concerns are with regulation, with formulation of payout and with enforcement of whatever laws it is we finally cook up in the end. Our perspective is from a crime prevention and enforcement point of view.

Basically, what we're after is the video slot machines themselves. The first part of your plan is to put them into the casinos and we figure: "Well, fine. What the hell." Right? I mean, the gambling is in there anyway. It's a fairly easily monitored and enforced venue, so we're not going to discuss that. But our concerns are with the second and third phases of your plans where you want to put them into restaurants and bars and then who knows what else. Probably the last thing we want to see is have them in the back seat of the churches.

In our community, we have some serious problems with drug dealers, street prostitution and all the crimes that accompany them. We're really worried that the institution of video slot machines is going to make things even worse for us, and I'll try to outline why we think that.

What we've got here in this handout is a collection of recommendations and concerns that we've brought up in a lot of our discussions. The first point is, we really don't



want to see anybody with a criminal record be given access to these machines. I'm not talking about playing the machines themselves; I'm talking about having an establishment either as a manager or as an owner in which these machines are located because we have a problem with medium-sized and smaller establishments which have been taken over by drug dealers and pimps and they use them as bases of their operations. We feel that if you've got video slot machines in there, it gives these people an excuse to hang around in these places. We already have problems with the pinball machines. If they're in a location, these guys hang around the particular sites like flies around honey. Giving them a slot machine to play with, allegedly, just is not going to cut it for us.

We're really concerned that the charities receive a significant portion of the profits because, quite frankly, we rely on them very heavily to provide outlets for our youth to try to discourage them from loitering and hanging about and getting into all kinds of trouble.

Our people also want to see that the government profits be put into specific concerns rather than just disappear into a large pot. Someone suggested that they would like to see warning labels on the machines to the effect that gambling is addictive, the same way as you make these warning signs mandatory on cigarette packages.

We're very, very concerned that the slot machines be in venues which are not accessible to minors. There isn't one person we've talked to who would like to see their children playing with the slot machines for a whole variety of reasons that you probably already know yourselves. We feel that if you put them into restaurants and bars, you're not going to be able to stop the teenagers from using them. It's not like when you're serving drinks where you have a one-on-one relationship between the server and the patron. The server can walk up to the person and say, "Your ID's no good" or "You don't look old enough. I'm not going to serve you." With a slot machine, it's the machine that's standing off on its own and it doesn't take much for a person to enter a premises, walk over to the machine and start to play with it. We had major problems with the pinball machines with our youth and the slot machines are not going to be any better.

We don't think it's fair to put the onus on the business owner to monitor who's using the slot machines and who's not, because, frankly, it's not going to happen. We know what happens in our community right now and monitoring is not a big priority when you're trying to make a buck. So what we suggest is keep it to venues where admission is restricted to 19 years old or over. That would be the casinos, that would be clubs, whatever else, but not bars that double as family restaurants, like, for example, an O'Toole's. They obviously cater to the younger generation but they also promote themselves as a family restaurant. If you have that hybridization, we would suggest it's not appropriate to put video terminals in there.

We'd also like to see there be a minimum seating capacity before a place is eligible to have a slot machine. This is for the reasons that I outlined before. Some of the

smaller establishments, you put in a slot machine and it's a target for the dealers and the pimps to hang around as an excuse. It's happened in our community, it continues to happen in our community and we're having a lot of trouble trying to oust these people. So please don't make it any harder for us.

What we've also noticed is that if you institute something whereby these people are able to hang around and loiter, you do get an increase in crime, in petty theft, in shoplifting and in assaults. What we've found is kids with behavioural problems, such as what tend to be drug addicts and so on, will take out their frustrations, if they lose on a pinball machine, on what's often the single clerk in the establishment, whether it's the waiter, whether it's the owner, whether it's the server behind the fast food place, whatever, and there is physical violence. Especially in the small establishment, if you've only got one person there in the first place, you don't want to set him up.

I've also included in the handout two articles. One of them is from the New Yorker and I somehow forgot to put the proper credit on the top. I apologize for that. The other one is from a presentation that was given in a crime prevention conference that was held in Vancouver recently. Neither one of them deals with video slot machines per se, but the principles behind what they address are identical. The bottom line of the two articles can be broken into two different things: One is that if you're going to do this, you must limit the number of establishments that are eligible to have these machines; and secondly, and this is critical, in the establishments which have the privilege of having the machines on their premises, enforcement must be strict. If they disobey the laws which are set out, then they must be dealt with quickly and effectively. We're not sure that there's a political will to do this because we see what goes on with the Liquor Licence Act, and quite frankly, we have major, major problems with that.

We have establishments in our division which have had shootings and all kinds of violations against the Liquor Licence Act and nothing is done. They're open two years later. In fact, when they know they're going to be set up, so that two years from now they're going to be closed down because they're going to eventually lose their licence, what they do is they simply stop paying the rent and they get two years' worth of free rent out of the landlord. So you have to enforce whatever rules you're going to make up and if you're not willing to do that, then don't put the slot machines in our neighbourhoods because it's just not going to work.

We had a lot of discussion about this and when we finished, we were still at the point where we couldn't figure out why it is that something that has been proven to be a problem in other jurisdictions is being proposed in Ontario. This doesn't make what's called common sense.

Finally, once you set out your draft of what laws you want, we would like to have further input into it. With that, I'll close, if there are any questions.

**The Chair:** Thank you very much. We have approximately three minutes per caucus.

0950

**Mr Terence H. Young (Halton Centre):** In your view what is the source of the fact that they can't police the existing liquor laws now?

**Ms Spyropoulos:** We see it as being the liquor board itself, because we do all the paperwork, the police go in, they do their investigations, citizens make their representations, we get all the petitions together, we go before the liquor control board and it's really a namby-pamby sort of attitude, "Well, maybe this and maybe that." As far as we're concerned, having any of these things, for example, a liquor licence or whatever, should be considered a privilege and not a right, so anybody walking in off the street should not automatically be eligible for this thing. You should prove your worth, you should prove that you're concerned about the community, you should prove that you're willing to abide by the laws, and if you're not, don't give it to them.

**Mr Young:** The problems you're having now are related to loitering around pinball machines?

**Ms Spyropoulos:** Not specifically. The problems in our community go down to the very bottom line, which is drug abuse. What I'm trying to explain is that having pinball machines, having anything like that becomes an excuse for pimps and dealers to hang around the premises and then all the addicts congregate to that particular site because they know they can pick up there. Of course, that causes all kinds of problems for the surrounding community.

**Mr Klees:** I share your concerns regarding the need to control who has access to these machines. You've made some good points. It is the intention of the government, by the way, to extend some very strong responsibilities not only the licensee but, as a result of another part of this legislation, ultimately through to the land owner who owns the premises.

**Ms Spyropoulos:** That would be a help.

**Mr Klees:** As we see this, it is a potential for abuse if we don't have the proper restrictions and penalties in place that are meaningful. You're aware that a liquor licence is very valuable. The intention of the government is that where there's abuse on the control of gambling and allowing minors under the age of 19 to do so, at risk is not only a substantial fine but ultimately the loss of the liquor licence.

**Ms Spyropoulos:** That's the problem, the "ultimately."

**Mr Kennedy:** Thank you very much, Ms Spyropoulos, for your presentation and the original content in it. We have not had as much input from people who are actually thinking about the consequences of this in their community. I wonder if I can ask you about what you think the consequence of VLTs will be in terms of pressures for enforcement that are experienced by police now.

**Ms Spyropoulos:** It's almost impossible to patrol now. The police are so understaffed in our community that it's ridiculous. You end up with what they call the FIDO philosophy which, pardon the expression, loosely translated is, "Fuck it and drive on," because they know that the courts aren't going to pay attention. This is not going to help.

**Mr Kennedy:** Do you feel a great deal of confidence? The government's plan is to have the liquor control board

combine with the gaming commission, the same people, the same structure that exists now, to enforce this. Does that give you a great deal of confidence?

**Ms Spyropoulos:** Confidence? You must be joking.

**Mr Kennedy:** Could you elaborate a bit on that?

**Ms Spyropoulos:** It's not going to happen. They can't patrol what they've got to do now. You extend it any more — it's not going to happen. We don't have the manpower.

**Mr Kennedy:** The members on the government side of the committee have tried to portray video slot machines as entertainment, as useful things in the community, helpful to the hospitality industry, beneficial to charities and worthwhile in terms of any social outcomes that we could take.

I just want to do a quote from Staff Inspector Gottschalk that I read into the record last week. He says VLTs are a bad idea, a nightmare. His conversations with other police forces lead him to believe that crime will rise significantly. He notes that of people in prison populations, 30% have gambling addictions while only 7% have drug problems, and this is a tendency you don't want to have in your local community. Could you comment on those two things: the government's position and the police's concern?

**Ms Spyropoulos:** We're having enough trouble patrolling the 7% of drug addicts, and if you add to that 20%, you said, who are going to be gambling addicts, forget it. Let's put it this way: In 12 division there are six patrol cars. I've got more cars in my driveway. What do you want from them? They can't do it.

**Mr Kennedy:** There is some sense from the government side that we really shouldn't be concerned, that gambling machines like this are innocuous in the sense they wouldn't bring on crime. You've talked about pinball machines, you've talked about some of the existing establishments. How does this make you feel?

**Mr Spyropoulos:** Mr Kennedy, I heard until I was absolutely nauseous that street prostitution is a victimless crime, I've been told that drug addiction is a victimless crime, that drug dealing is a victimless crime. Anybody who says that — why don't you come into my community? I'll give you a guided tour and I'll show you just how victimless those crimes are. This is not going to be any different.

What about the guy who gets addicted and goes and blows his salary on this nonsense? Let me tell you it doesn't take much. I was in Winnipeg last month and I saw people at these stupid machines and it was unbelievable. One woman came in, sat down at the machine, the poor guy she was with sat at the table, they ordered and she came over; he had to call her six times to come to the table. She came, grabbed two French fries and went right back to the machine. This is an addiction. We've got problems with other addictions.

**Mr Peter Kormos (Welland-Thorold):** Thank you, ma'am. I appreciate your candour. I don't come from Toronto; I come from down in Welland-Thorold, which is smaller-community Ontario. The FIDO syndrome — I love it because it's dead on — is across the board and it's not to fault our cops, because they're doing the best they can with increasingly diminishing resources.



Part of what Bill 75 does is that it eliminates the Liquor Licence Board of Ontario. It goes — granted, in my view — the one big step towards privatizing the regulation of the liquor and gaming industry. I suspect we're going to hear from liquor licence inspectors who are going to talk about the limited resources they have.

Advocates of slots talk about 2% to 3% of the general population being gambling addicts. Again there are data that say that, but what's interesting — we're talking about slots now, we're talking about the introduction of this brave new world and we're talking about a generation of young people who have been nurtured on these electronic games, almost conditioned Pavlov-style — a researcher called Frisch down at the University of Windsor says that among adolescents — he's not talking about the general population — he identifies as a result of his research 17% of the adolescent population, approximately half of which have a pathological gambling problem, the other half of which are at high risk. Holy zonkers, and these slots are right up their alley.

What I'm fearful of, and again I appreciate what the researcher from the Netherlands said about statistics and researchers, "Statistics are often used in the same way a drunkard uses a lamppost: for support instead of enlightenment"; I appreciate that comment as much as I do the FIDO acronym — I'm concerned about there being a new phenomenon of a new generation of people for whom gambling is even more addictive than it was for you and me and any of us. It's not the "other"; anybody in this room is as capable of becoming an alcoholic or a drug addict or a gambling addict, and any of us who think that we're not, that we can't succumb to that disease, are living in another world. I'm worried about the new generation.

**Ms Spyropoulos:** I'm worried about them too.

**The Chair:** Unfortunately our time has elapsed. I thank you for attending this morning and making your presentation.

1000

#### ONTARIO LIQUOR BOARDS EMPLOYEES' UNION

**The Chair:** Our next presenter is the Ontario Liquor Boards Employees' Union. Mr Nielsen and Mr Ristan, welcome this morning. Please make yourselves comfortable. You have 20 minutes in total, including any questions the committee might like to ask you. Please proceed.

**Mr Heino Nielsen:** I just wanted to start by saying that my name is Heino Nielsen and I want to thank you all for allowing us to make this presentation today. Art Ristan has joined me and in the crowd is Sharon McTamney, our union representative for the clerical people at the Liquor Licence Board of Ontario as opposed to the inspection people.

You've got our report. I want to pick some comments from the report to read out and I'll try to leave some time for questions which may come out of this. I'll launch right into it.

The widespread introduction of gambling in our province, including but not limited to the introduction of video lottery terminals at licensed establishments, will

have a major impact on all sectors of our society. Legalized gambling operations will signal an acceptance of gambling that will, in effect, give permission to many who would not otherwise have engaged in gambling to do so. This increase in gaming activities will negatively impact on the quality of life for individuals and our communities. Youth and those prone to addiction will be most affected.

The manner in which the government, on a very hurried timetable, has introduced the act and set into motion the reorganization of the current Gaming Control Commission and the Liquor Licence Board of Ontario is also of great concern given that the working lives of the employees of both those organizations will be thrown into disarray. The reorganization will result in the termination of employees at both agencies, with only select employees being offered re-employment at the AGCO for a six-month period. Most of these dedicated employees will, as a result, lose their current benefits and entitlement. Some will also face unemployment. In the rush to legalize gambling in Ontario, the government has ignored the public interest and has failed to ensure that this initiative will be implemented in a measured and controlled way.

The act identifies public interest as a duty of the proposed Alcohol and Gaming Commission of Ontario: "The commission shall exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility." The statutory definition of these principles is, however, left undefined. Without proper definition, the act fails to ensure that the level of control over gambling will in fact be sufficient.

All employees of the LLBO and GCC are deeply concerned with this government action. Seventy-seven members of the OLBEU are currently employed with the Liquor Licence Board of Ontario, an agency that will cease to exist with the passage of the act.

In this report we've set out four points we want to comment on, and they are just some comments about the introduction of gambling; the importance of strict enforcement in the event that gambling is indeed legalized; some concerns about the staffing of the new Alcohol and Gaming Commission of Ontario; and an alternative approach.

To start with, some comments: The act sets into law a framework for the introduction of legalized gambling in the province of Ontario. To oversee gambling operations, the act also sets up a legislative structure and bureaucracy to monitor and control the growth of various types of gaming operations.

Minister Sterling stated that the introduction of legalized gambling through casinos and VLTs would have broad positive economic impacts for this province. Further, he stated that the introduction of gambling would be "measured and controlled." The numbers of VLTs would be the lowest on a per capita basis of all provinces where such machines are permitted.

Bill 75 in and of itself does not ensure that any of these goals will be met. Only the introduction of strict regulations and a large enforcement arm for the AGCO can safeguard the province from the wide variety of problems and abuses that arise with the introduction of gambling.

Currently there are 15,586 licensed establishments in the province. These establishments can be divided into three groups: hotels; chain restaurants and dining lounges, including what are called family restaurants; and finally, bars and taverns. Most of these licensees will apply for VLTs. In the case of hotels, whole banquet rooms may be converted to VLT parlours. Bars and taverns in turn will set aside sections of their establishments for VLTs. Many chain restaurants and dining lounges will also seek to introduce gambling. There can be no question that competitive pressures within the hotel industry will force this expansion. Licensee patrons will want full-service establishments, and full service in the future will include the ability to gamble.

Under provincial regulations, people under the age of 19 can frequent licensed establishments, including strip bars. Although the law prevents their being served alcoholic beverages, they can certainly be on premises. This further complicates the control and enforcement requirements, as a person of legal drinking age will as a result, potentially at least, be exposed to VLTs.

Further, the introduction of legal VLTs will do nothing to stop the existence of illegal video payout machines which have become quite common in many non-licensed establishments. While many of these machines are marked as being purely for amusement, a significant number of establishment owners pay machine users for accumulated credits even now.

What will be the future structure of gambling in Ontario? Many non-licensed retailers will continue to maintain illegal payout lottery machines. The existence of these machines will remain uncontrolled and access to these machines will be available to all age groups. Youth who legally enter licensed establishments will also be exposed to the VLTs of the AGCO. Over time, banks of VLTs will be found in over 10,000 of Ontario's licensed establishments, ranging from taverns to restaurants to major hotels. Permanent charity casinos and racetracks will also feature a full range of gambling opportunities to patrons. Finally, large dedicated casinos similar to the ones operating in Windsor and by the Rama First Nation will expand to many other communities. In all these cases, the consumption of alcohol will be intertwined with the opportunity to gamble.

Some comments about the need for strict enforcement: The creation of the AGCO, and the dissolution of the current LLBO and GCC, in and of itself will not ensure that the VLTs and other gambling establishments are adequately controlled. They have also stated that the legalization and licensing of gambling operations will reduce the illegal gambling that already takes place. It must be noted, however, that to date no concerted effort has been made to stop illegal gambling through increased enforcement or strict penalties for those convicted of illegal gambling. Therefore, legal gambling operations may simply add to the quantity of gambling that takes place in Ontario rather than replacing illegal gambling which already exists.

The Liquor Licence Board of Ontario is currently responsible, as I said, for 15,586 licensed premises. LLBO inspectors are also responsible for over 82,000 special occasion permits which are issued to allow for the

sale of alcohol at all kinds of events like community festivals and weddings. This function is currently carried out with 33 inspectors, three investigators, five regional managers and of course their director.

With their current mandate, which does not include any responsibilities in respect of gambling, the inspection system is already stretched to the limit. On average, each inspector is responsible for 500 establishments and over 2,400 special occasion permits annually. Adding to this ongoing workload, about 2,000 calls for inspector services are being logged on the inspection computer system monthly. Many of these calls require two or three inspections to be resolved. In fact, most of an inspector's time is now dedicated to responding to such calls for assistance, leaving regular inspection of establishments as a low priority. An establishment can expect a regular inspection once every six years. With the current workload already at a crisis level, any increase in responsibilities would stretch the capacity of inspectors beyond the breaking point. Without adequate inspection, the door will be open for rampant abuse.

In addition to the current workload of the LLBO inspection branch, the approval process for granting renewal and transfer of licences must also be considered. If the government makes good on its plans to introduce VLTs in licensed establishments, a high standard of licensing is essential. I've put in some numbers — I won't bother reading them — just one year's workload for the employees who do licensing at the Liquor Licence Board. That's the previous year.

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Overseeing the licensing process are 15 employees. These employees prepare reports and documentation which are then submitted to the liquor licence board for their approval.

This workload precludes extensive evaluation and assessment of applications. The licensing process will be compounded by the additional approvals and procedures that will be required with the introduction of VLTs in many of those establishments. The minimal staffing will work against a measured and controlled implementation of gambling in Ontario. A quantum increase in staffing levels will be required to address this problem.

Some concerns about the way the new agency will be organized: The creation of the AGCO has proceeded without consultation with the unions representing the employees of the liquor licence board and the GCC. A single meeting with representatives of Management Board of Cabinet was described by those representatives as negotiations. However, at best it was a meeting during which the vague intentions of government were laid out to the representatives of the three unions affected. Management Board representatives refused to disclose the intentions in respect of staffing at the new agency, and without such basic disclosure, meaningful negotiations could not take place.

They stated that with the creation of the AGCO, the current LLBO and GCC would be wound up. Employees who opt to go to the new agency would defer their severance rights in lieu of a guarantee of at least six months' employment at the AGCO. It would take at least six months for management at the new agency to deter-



mine the staffing requirements for the agency, including areas of staff duplication. Soon after the expiry of the six-month adjustment period, the combined staffs would be reorganized, with presumably some hirings and some layoffs.

Further, aside from their deferred severance packages, employees at the new agency would have no legal representation through a union and no collective agreement to define their terms and conditions of employment. A range of issues of great importance to those employees would be left to the discretion of management. Some of these are employee pension rights; seniority rights, especially since there'll be layoffs; the order of layoffs, including who bumps who; the calculation of vacation credits and other rights that are now associated with the length of service or seniority of an employee, as well as the wages and benefits paid to the employees of the AGCO.

These issues cut to the heart of the employment relationship. Clearly, at the time of its creation, it will be crucial to have a committed and loyal workforce to manage and control the implementation and operations of the new gambling enterprises. The first year will be critical in that during the period a high level of supervision and control must be exercised to ensure that casinos and VLTs are installed and operated in accordance with the act. During the first year there will be a flurry of applications for VLTs and thousands of licensees across the province will begin to incorporate these terminals into their establishments.

The staff of the AGCO will be required to react quickly to these challenges. Given the cloud of uncertainty caused by the probability of reorganization and layoff, as well as the undefined terms and conditions of employment, the employees will be less able to deal with their sizeable workload in the new and developing work environment.

To clarify the rights and benefits of employees during this transition, the unions involved proposed that the collective agreements currently in effect continue to apply to those employees reassigned from the GCC and LLBO to the AGCO. This proposal was rejected by members of Management Board of Cabinet.

We have an alternative approach. The union proposes that the government modify their plans for the implementation of VLTs. The union asserts that VLTs should be restricted to racetracks, charity casinos and casinos. This more restrictive approach, while still providing wide public access to VLTs and other forms of gambling, would significantly reduce the control and regulation problems which would result from the more wide-open approach.

Further, before the introduction of any gambling operations in a community, the municipality should be approached by the AGCO and have the right to approve or disapprove gambling in their communities. Municipalities should also be given the right to impose specific additional restrictions should they deem such additional measures to be appropriate.

This restricted approach would reduce the need and benefit to be derived from the creation of the AGCO. The current GCC could instead be expanded to enable it to inspect and regulate casinos, racetracks and the VLTs.

To maintain close cooperation, the GCC and LLBO could at that time, then, simply have a working group to ensure that information is passed expeditiously and that prosecutions which are required could proceed in an effective and controlled manner. As a further element of the union's proposal, functions and regulations currently assigned to the Liquor Control Board would remain with that agency. Three years ago, the union proposed an amalgamation of the LLBO and the LCBO. While applauded by the Premier at that time, no serious consideration appears to have been given to the union's proposal, and we resubmit it.

In conclusion, the union urges a more moderate approach to the introduction of gambling. The proposal set out above can satisfy both the agenda of the government and the concerns over control of gambling operations. In conclusion, in the words of Alberta's Steve West, Minister of Alcohol and Gaming, who warned his Ontario counterpart, Norm Sterling, to think twice about allowing VLTs in bars, I leave you with these comments — and these are Steve West's comments: "Once you've gone down that path you live with it." "If you had your druthers you would put them," meaning VLTs, "in central locations and control them in that nature."

**The Chair:** Thank you, Mr Nielsen. We only have one minute per caucus.

**Mr Kennedy:** Thank you very much for your presentation. I want to focus on your alternative approach, and particularly leaning as it does on your experience in terms of regulating the current alcohol provisions in this province, and whether you believe, because it's not quite expressly stated, that the widespread proliferation of these gaming machines can be enforced and, if so, under what conditions that would be.

**Mr Nielsen:** Again, our proposal or counterproposal, if you will, is specifically catered because of what you've just said, because with the number of VLTs that would appear, if basically most if not all licensees end up having them, unless you have a huge army of inspectors — because the police are overburdened — to police these licensees with VLTs, it'll become impossible to enforce the laws. You can have very stringent laws or regulations, but without an army of people out there making sure that those laws are in place and are being adhered to, the laws on paper don't really give you much comfort.

**Mr Kormos:** This is going to be fast. You're not telling stories out of school here, are you, when you talk about an establishment can expect a regular inspection once every six years? Is this well known among the 15,000-plus licensed establishments?

**Mr Nielsen:** Yes, that's correct.

**Mr Kormos:** And when you talk about \$800 million worth of illegal alcohol sales, primarily through licensed establishments, I trust you're talking about booze that's bought from outside of Ontario and transferred into Ontario bottles; I trust you're talking about after-hours sales totalling \$800 million, most of it in licensed establishments. Once again, is this restricted to sawdust joints?

**Mr Nielsen:** No, not at all. The point is this: I don't think the past experience indicates a will on the part of government generally to have the kind of enforcement

that you would need to introduce gambling. Unless, as I said, there's an army of people going to be recruited to police these establishments, then I fear the introduction of gambling in a wide way.

**The Chair:** Mr Flaherty, one minute.

**Mr Flaherty:** I'm going to speak quickly, because we only have a minute and you've raised a number of issues. With respect to merging the LCBO and the LLBO, there's an obvious problem, and that is that we would have a monopoly vendor regulating itself, and we're not interested in doing that for that obvious conflict reason.

With respect to regulating VLs, you're aware of the computerization that is involved in regulating VLs. You're also aware that the province has a history of dedicating additional resources to the regulation of gaming as gaming activities have expanded, and that's been true throughout the process.

With respect to enforcement, you know that this legislation contains the salting-the-earth provision, which will alleviate this problem we have of licensees flipping around licences as tenants. That's in the legislation and will prohibit an application for a licence for two years. It's very important in the west end of Toronto and other areas of the province.

As well, we will have the smallest number of VLs in Canada in the nine provinces that will have them, the smallest number per capita, and that's even after reductions are made in other areas.

Also, we are introducing a regime which would put licensed premises in the position of not only losing their VLs, but also losing their liquor licence if they were to permit someone under the age of 19 to be in the area — not playing the machines, but even in the area where the machines are located — plus facing a fine of \$250,000, a very, very stringent regimen set out in Bill 75.

**Mr Nielsen:** If somebody catches them.

**The Chair:** Mr Nielsen —

**Mr Kormos:** I didn't hear what Mr Nielsen said.

**Mr Nielsen:** That's only if someone catches them.

**The Chair:** Thank you, Mr Nielsen and Mr Ristan. I apologize for the shortness of time, but this committee is attempting to hear from close to 200 organizations and individuals. You've done an excellent job this morning.

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## SKILLS CANADA — ONTARIO

**The Chair:** We have Skills Canada, Mr Tom Evans, director of the board of directors. Welcome.

**Mr Tom Evans:** I want to start off by saying that we appreciate the opportunity to appear before you. I want to tell you a little bit about Skills Canada. We are first of all a national organization. I'm here representing the board of directors and speaking specifically about the Ontario chapter of Skills Canada.

Skills Canada is national non-profit organization of educators, students, employers, government and labour groups. Our mission statement is, "To champion and stimulate the development of excellent technological and leadership skills in Canadian youth and to strengthen our competitive edge in the global marketplace."

Skills Canada has strong program operations in Ontario, with close to 500 elementary and high schools,

plus 15 community colleges throughout the province. This represents a reach of more than 40% of the student population in Ontario alone.

On a global level, we are the provincial affiliate to the International Organization for the Promotion of Vocational Training. In 1999 our country, Canada, will be the proud host to over 30 nations at the 35th international vocational training competition in Montreal, which we also call the Skills Olympics.

Skills Canada provides viable solutions to Canada's skilled labour requirements through the pursuit of three main goals: first, to improve the level of technology awareness and its impact among Canadian youth; second, to create tangible opportunities for the private sector to interact with and enhance education for students pursuing technology and trade careers; and third, to improve the image of trade and technological career tracks, as well as the self-esteem and achievement levels of students who pursue them.

Skills Canada provides innovative and highly successful programs that stimulate interest in technology among Canadian students, help teachers integrate technology into their curriculum and foster closer ties between business and education.

Today's rapid technological advances and expanding globalized markets have created many challenging and rewarding opportunities in the world of trade, yet hundreds of well-paid positions go unfilled because the qualified entry-level employees are not there. Skills Canada is acting as a catalyst to unite industry and education in strong, meaningful partnerships that can reshape technology education today and help create a skilled, globally competitive workforce for tomorrow.

The scope of our operations includes our target group participation rates for the 1995-96 school academic year, where in terms of the elementary system we had 217 affiliated schools in 39 school boards across Ontario. These schools represent a reach of our program to 57,159 students. In total, Skills Canada has reached over 600 elementary schools across Ontario since 1993. In addition, 1,300 teachers participated in our Techspo workshops, which are designed to assist teachers in presenting hands-on activities in technology to their classrooms.

One hundred grade 7 and 8 students competed in the design and technology challenge at the Ontario skills competitions in Hamilton; 600 grade 4 to grade 6 students participated in hands-on activities at Techspo Grande at these same competitions; and a further 800 students took part in two regional Techspo days in Hamilton and Napanee.

In addition to the elementary students, we are dealing with high school and college students. Of those, 169 affiliated high schools in 63 school boards across Ontario are members of our organization. In total, since 1993 Skills Canada has reached 341 schools out of a possible total of 740; that's 46% of Ontario's high schools. In addition, we have 13 community colleges that are active participants.

Sixty-seven guidance counsellors participated in two-day workshops on career advisement and technological careers; 41 math, science and technology teachers participated in a two-day workshop of subject integration; and,



finally, 524 secondary and post-secondary level students competed in the Ontario skills competitions, with over 7,000 people in attendance, including Minister Snobelen.

That presents a reasonably fair picture of the scope of activities of Skills Canada — Ontario. The reason I took the time to introduce you to that group is that we rely primarily on funding from non-government sources. The revenue from our break-open ticket municipal licences represents 29% of our gross income projected for the 1997-98 fiscal year. The Ontario Ministry of Education has never contributed any funding to Skills Canada, and therefore we are solely dependent on private industry, school board affiliations and activity revenues.

It is anticipated that the VLTs will directly impact on the Nevada ticket sales revenues. The loss of our Nevada revenue would seriously jeopardize our ability to continue to offer our services to students, educational institutions and business partners.

With the present system, the sale of Nevada tickets creates revenue for each municipality through lottery licensing fees; provides greatly needed financing for approximately 15,000 local and provincial charities and non-profit organizations in Ontario, such as Skills Canada; provides substantial revenues for selling locations such as convenience stores, Royal Canadian Legions, bingo halls etc; and the revenues generated by charities through the sale of Nevada tickets goes back to the municipalities.

In our view, the proposed system would see 90% of the revenue generated going back to the province. Municipalities would stand to lose up to 50% or more of the revenues generated by Nevada tickets. We feel the Ontario Lottery Corp is very aggressively eliminating all competition in the gaming industry. We also feel that some charities and non-profit associations would be unable to continue. The potential sizeable loss of revenue to student councils, whose task is to help pay for student activities, would be substantial. With educational budget reductions already in place, this has already become a major challenge.

In conclusion, we feel that before the Ontario government is allowed to take over these revenue-generating activities, charities such as Skills Canada should be allowed to comment on how these funds would be distributed, the percentage of revenue to go to charities and how we would be able to access these funds.

Our fear is that when similar VLTs were introduced in the province of Alberta the Premier said basically the same thing we've heard from the Ontario government, that 10% of the VLT revenues would go to some charitable groups. However, our understanding is that after a couple of years there have not been any moneys paid to charities in Alberta. We would not like to see the same thing happen in Ontario. Also, our fear is that the lineups and the paperwork and the bureaucracy involved in terms of charities, which are already understaffed, to access whatever funds are available would be frustrating and demeaning.

**Mr Kormos:** Yours is a one in a series of similar comments by groups, organizations — non-profit every one of them — that have used their sweat equity within their organizations, along with the help of small business

people, to raise funds. B'nai Brith Canada suggested a model wherein the portion of the proceeds was based on the historical fund-raising capacity of the organization. I suppose the only difficulty we had there was in pursuing that the question was on a provincial level, out of head office, just like many other organizations, be it Lions, Kiwanis, what have you, or at a local or regional level.

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How do you respond to that? The government has said nothing. No models have been put forward that might even be there for consideration or that people like you could try to grapple with. How do you respond to the historical model and then how do you reconcile the regional or local versus the provincial capacity to fund-raise?

**Mr Evans:** That is our concern. Although we are a province-based organization, our reach is through the municipalities across the province. As far as we know anyway, in terms of the bill and the legislation proposed, there were no clear-cut guidelines in terms of how we, as a provincial organization, could access these funds and so forth. Our concern is that unless that is in place, and it's fairly simple because a lot of the charities and so forth — we are not overburdened with staff; we simply want to be able to access and be accountable for the funds. We're not suggesting that we wouldn't be. We would like to see some type of mechanism in place that would allow us, on a provincial basis, to access the funds that we require in order to carry out our services on a local basis.

**Mr Kormos:** Where do municipally based and perhaps not province-wide, non-profit organizations go to then? In Welland-Thorold, where does Women's Place go, which does all its fund-raising regionally? They have a provincial lobby group, OAITH and so on, so then how do they rank? Again I'm not suggesting you're in any way insensitive to these competing groups, but how does a totally municipally based organization that may be endemic to that region or municipality factor in?

**Mr Evans:** That's a good question. I'm not sure I have the answer to that. What I can do is talk to the way our groups interact. We've structured in such a way that they would come through our provincial organization and we in turn would access the provincial fund.

**Mr Flaherty:** Good morning and welcome. It's nice to see you. I see that a number of presenters this morning are dealing with the issue of break-open tickets and the current structure. If I may make a few points and then ask you for some comments about implementation, I think your concern about a mechanism to access funds that you require really is important and there are going to be consultations about the implementation of the structure that's created by Bill 75.

I think it's important for charities in Ontario to know that their revenue is going to increase by up to \$180 million under the announcements that have been made by the province with respect to Bill 75. That's in the budget and it's in the record of Hansard in the Legislature of Ontario.

The revenue from Monte Carlo nights is going to go up about 10 times what it has been. They are so difficult to regulate, roving as they are around the province.

There's a commitment for 10% of the video lottery revenues, excluding those machines at racetracks, to go to charities, which will be a substantial sum of money, but there is the fact that the roving charities, the so-called Monte Carlo nights, will still exist in a limited form with one day rather than three days. The important point, I think, is the overall increase in funding in charities.

I trust that your organization is prepared to assist with your advice on implementation so that as the charity gaming halls are set up and so on it's done in such a way that organizations such as yours, doing the good work you do, the beneficial work you do in education, have a mechanism to access funds, to use your words.

**Mr Evans:** We would be very happy to help you in deciding on the implementation of it. I'm awfully glad to hear that there will be some consultation on that.

**Mr Flaherty:** Absolutely.

**Mr Klees:** I'm interested in your comment that you feel the proposed system would eliminate all competition in the gaming industry. What I think I hear you saying, however, is that you would prefer that there not be more competition in the gaming industry because you're opposed to the introduction of video lotteries. There seems to be a bit of a conflict. How do you explain your position?

**Mr Evans:** We're not against gambling per se; I think it's going to go on. The real issue here is that we feel VLTs are going to be a real money machine for the government. In the other provinces where they have been put in our understanding is that, you're right, the amount of money that's been expended on these has increased substantially. The experience we've had is that in Alberta, for example, charities were promised certain things and nothing materialized.

With the current system of Nevada tickets we know what our revenues are, within reason, on an annual basis. We can plan reasonably well. With this new system being implemented and without the implementation guidelines in place we are uncertain as to how those funds will be distributed, if any.

**Mr Kennedy:** Thank you very much for your presentation. It is very helpful for us to know the specific impacts that could happen in terms of Skills Canada's large dependence on the break-open tickets. I think you might agree that we can only know now from the government's plans what's in the legislation, and from what we see there, charities' considerations, especially those which depend on break-open tickets and other forms of gambling available to charities, don't seem to be fully taken into account. Would you agree with that statement?

**Mr Evans:** Yes.

**Mr Kennedy:** I wonder if you have reckoned what will happen when the government takes over this flow of revenue from the public and what that will mean in terms of the tens of thousands of charities we have in this province which are not currently participating in gaming as part of their revenue and what that might mean in terms of the slicing up of the pie. There is some controversy as to whether or not the pie will get bigger. We've heard numbers that say it would net out at less for charities; we've heard figures, mainly from the govern-

ment side, that suggest that there will be some net gain, but that pie is only going to grow so much and there are so many people who may be coming forward for a slice. How do you and your organization look at that?

**Mr Evans:** We've heard both sides of the story as well. With the other fiscal restraint measures that have been put into place, yes, there are a number of charities that are really hurting. They may not have accessed these funds in the past, but my guess is that they will in the future if they become available.

**Mr Kennedy:** Being active in the charitable field, you know the number; there's only a minority of charities now getting money from gaming.

**Mr Evans:** That's right.

**Mr Kennedy:** There are at least 10,000 charities out there, and the vast majority of them will end up applying for the very funds that you're depending on.

**Mr Evans:** That's right.

**Mr Kennedy:** I guess this is not fully rhetorical, but you do realize that this act is called An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries. Do you think that's the main intent of this bill at this time? I'll let you not answer that, but I would say there's clear evidence from your presentation that the charities are only the marketing element of this. I say that with respect for your presentation, because you've made many other points in terms of how this could be shaped for better benefit of charities, and we appreciate that. I want to commend you for the work that Skills Canada does — I want to re-emphasize a point you made — without any government funds.

**Mr Evans:** That's right.

**Mr Kennedy:** One thing I'd like to hear you comment on is, would it jeopardize the future of Skills Canada if you lose a substantial part of that revenue? If you're out of the swim because of the sheer number of people who come to this new, government-controlled environment, what will happen to Skills Canada?

**Mr Evans:** We feel very strongly that without the funds we are currently getting we will not be able to survive and that a lot of the effort we've put in, in our position in terms of the Skills Olympics, over the last 20 years in Ontario, our global position, will be seriously undermined.

**The Vice-Chair (Mr Ron Johnson):** Thank you, Mr Evans, for your presentation, on behalf of the committee.

**Mr Evans:** Thank you. As a final say, if there is some public consultation on the implementation of available funds for charities, we would love to be able to comment on that as well.

**The Vice-Chair:** Okay. Thank you, sir.

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#### CHARITIES FIRST ONTARIO

**The Vice-Chair:** Our next presentation will be Charities First Ontario, Jeff Wilbee and Pati Greenwood. Good morning.

**Mr Jeff Wilbee:** Thank you very much. My name is Jeff Wilbee and I'm the chair of Charities First Ontario. My colleague today is Pati Greenwood, the secretary of Charities First Ontario.



Mr Chairman and committee members, on behalf of the hundreds of charities that Charities First Ontario represents, let us thank you for the opportunity to express our views on Bill 75. This bill may have immense impact on how charities will go about their business of maintaining and improving the quality of life for all citizens. Our Premier has expressed the need to get back to more grass roots with less reliance on government and more dependency upon voluntary groups and community involvement. We in the charitable sector welcome that challenge. However, if we're to meet the challenge, we must have the resources to do so.

Charities First is a not-for-profit, voluntary organization. We were born out of a response to the 1990 Ontario government document *Charitable Gaming: Putting the Charities Back in the Driver's Seat*. We picked up on that challenge then, and we request the opportunity to be partners with the government and our colleagues in the commercial area on the challenges presented by this bill.

We presently consist of over 70 umbrella organizations. Each member organization represents many branches, affiliates and members. We are here representing thousands of volunteers who positively affect every aspect of our friends' and neighbours' lives.

Charities First is disappointed that the video lottery terminals are to be introduced in the absence of a provincial gaming policy and strategy. In 1995, we commissioned a report on VLTs. Most of you not only read it but replied to us. The report indicated that we did not know enough about VLTs and their impact. We concluded that there needs to be an overall assessment of gaming activities and what influence growth in one sector or event has on the others.

If we are to bring VLTs into the gaming market in our province, our first point to you is that their entrance, through the proposed phases, should be closely monitored.

The Honourable Norm Sterling, in his statement of intent introducing this bill, stated, "We are determined to accomplish these initiatives in a measured and controlled fashion." We at Charities First strongly support the minister's intention and suggest that a comprehensive policy will assist us in reaching that goal.

We support the establishment of up to 50 charitable casinos in which VLTs will be available. The establishment of these centres will go a long way to improve the security, accountability and hopefully profitability for the charities in this particular event. The revenues created through the VLTs in these establishments we hope will result in a net increase in funds for charities. We expect some losses from our other charitable events such as bingo and break-open tickets; we don't know how much.

Although charities will not directly benefit from the introduction of VLTs at racetracks, we believe the strategy of starting at racing venues will be beneficial to the whole gaming industry if an evaluation of their impact is done before a wholesale expansion into the other areas.

Our major concern is VLTs in licensed establishments. Although we do not know the exact impact on the revenue of other charitable events, experience in other jurisdictions strongly indicates the loss of revenue,

particularly in break-open tickets. Other presenters may offer estimates of that loss, but we will resist the temptation to do so. The fact is that we just don't know.

What we do know is that the revenue from VLTs will have to be much greater than the loss for it to strongly appeal to charities. Under the proposed scheme, as we understand it, we not only lose revenue, we lose autonomy. Charities are interested in earning money, not just asking for handouts through the process of filling out grant request forms to some adjudication body. The present break-open ticket and bingo programs allow for autonomy while raising the revenue.

We appreciate that our colleagues in the hospitality industry see the introduction of these machines as a major means of revitalizing their industry. We do not have the expertise to be able to support or refute that position. However, the July 27, 1996, *Toronto Star*, reporting on a trip Mr Sterling made to Alberta, stated that he was "advised against introducing video lottery terminals to bars and restaurants." Since the province of Alberta has had experience with this form of gaming, it would be imprudent not to at least give some consideration to that advice.

The minister should be congratulated on not only allocating 2% of VLT revenues to assist problem gamblers but also on the development of a comprehensive strategy of research and public awareness along with treatment to deal with problem gambling. However, we cannot just set up a system of picking up the casualties after the fact; we must ensure that these activities create as few casualties as possible to begin with.

There is a major concern that we also have at Charities First, and that's fund distribution. The disbursement of the funds to charities must be fair and equitable. There are two basic questions that are complex but need to be addressed. One, what types of organizations should be participating in the proceeds from VLTs or, for that matter, any charitable gaming activity? Two, what process should be used in fairly distributing the funds?

First is the question of what organizations should participate. We recommend that you define within the legislation the term "charity." Charities First would be pleased to be part of those discussions.

Secondly, we have not talked to a charity that is in favour of the setting up of a local, regional or provincial foundation or other adjudication body to distribute the funds. In fact, this type of process may put smaller local charities at a disadvantage since they may not have the same ability to write grant requests as some of the larger, more sophisticated groups.

We find it curious that the proposed plan does not consider VLTs in the bingo halls. Bingo halls, along with the racetracks and casinos, are already heavily regulated. The pooling method of distributing funds that is already in place at bingos and could be in place at the charity casinos would reduce the distribution problems we are concerned about. Some of the experts in bingo I have talked to suggest that revenues the government wishes to raise could be realized with VLTs in the halls.

Charities First believes that if there is to be responsible management of video lotteries, charities also need to be accountable. Charities First is willing and able to take a

leadership role in this. CFO is in the position to not only train charity groups but also develop an accreditation process. Charities, like all other participants, must be able to demonstrate that they have a basic knowledge of what is becoming an increasingly complex area.

We expect that Minister Sterling will agree with our comment on the complexity of the gaming industry, since he made the following point in his statement of intent: "Being a first-time initiative, the method used to introduce video lotteries across the province is complex and new to much of the industry and the Ontario Lottery Corp." We offer Charities First's members' considerable expertise in gaming in working through those complexities.

In summation:

(a) Charities First recommends the development of a provincial policy and strategy for gaming in the province so that all charitable gaming activities can compete on a level playing field.

(b) Charities First wishes to caution that the introduction of VLTs into the Ontario gaming industry has a number of complexities, including the distribution of the proceeds to charities as well as the possible negative social impact.

(c) There's a need for the growth of the use of these machines to be tightly managed, particularly going into licensed establishments. We need to carefully evaluate the impact of phase 1 before proceeding on to the other phases.

(d) We need to ensure that there is a strong partnership and consultative role for the charities in both the distribution of VLT proceeds and the evaluation of the phases through such organizations as our own.

We thank you for the opportunity to present this brief.

**The Vice-Chair:** Thank you, Mr Wilbee. We will turn to questions: four minutes per caucus.

**Mr Flaherty:** I have just a quick comment. The putative leader of the Liberal Party, Mr Kennedy, has left again, but he commented that we've had some presenters here suggesting that there would be less money for charities under Bill 75. That's patently untrue in two ways: One, no one has come forward and said that; two, the evidence before the committee is just the opposite. There is some redistribution of money, so that break-out tickets, for example, might have less revenue under this system. But overall there's been no suggestion before this committee of any diminution of revenue to charities. In fact, the evidence is that there will be up to \$180 million more for the charities of the province under Bill 75, which is what this is all about. It's about charities; it's not about businesses making money raising money for charities.

**Mr Crozier:** It's about government revenue.

**Mr Flaherty:** With respect to the controlled introduction of video lotteries, which the minister committed to, and you quoted him, may I suggest to you with respect that that is exactly what the government is doing. We will have fewer video lotteries than any other province per capita; we will have high fines; we have a phased introduction so that there's time for reflection and assessment as VLs are introduced in the province; and we have a further consultation process with respect to a

number of the issues you've raised, which are really important, about what is a charity and what isn't and who should share and who shouldn't and in what proportions and so on. So I hope your Charities First Ontario will participate in the further discussions concerning implementation.

**Mr Wilbee:** I think, sir, we're pleased to hear that indeed this will be monitored all the way through and we'll make decisions as we go. It's very difficult to start to do projections in any business venture, I suppose, until you're out there in the marketplace.

**The Vice-Chair:** Mr Klees, do you have a question?

**Mr Klees:** I just want to again thank you for your presentation and also your very straightforward caution to us not to proceed helter-skelter. I just want you to know that many of us on this committee feel the same way. It was based on the undertaking we received that there would be a very careful implementation strategy that we were prepared to support this legislation. So we're with you on that. I want to assure you that this government will be monitoring very carefully and will be assessing the impact of this legislation throughout the various phases. As Mr Flaherty indicated, we invite your participation in the discussion of the implementation. We need that kind of support and advice.

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**Mr Crozier:** Good morning, sir. Good to see you again. Just a quick response to what has been said by the government side, which said this bill is all about charities. That's baloney. It's all about government revenue. If it were all about charities, I would challenge the government to introduce their VLTs and give all of the money save operating expenses to charity, but they won't do that because they need the money. This probably will be the biggest non-tax cash grab in the history of the province of Ontario. I think you and I know that and I think the public knows it, and I'm not so sure you should think the public is so naïve as not to know that.

**Mr Kennedy:** Mr Wilbee, I'm wondering if you would address a question I addressed to the earlier participant about what you think will happen when this becomes a formalized government system of disbursing funds. Are you not gravely concerned about the number of charities that are not participating in gaming in its present form right now? How in the world do you think this will be worked out and what are your concerns about that?

**Mr Wilbee:** I think it's a good question, sir. We do have concerns and I guess that underlines our recommendation that there needs to be that kind of policy and strategy. You're quite correct that indeed not all charities are involved. If you're in a local area and you want to participate — let's say you're a new charity, a new voluntary group — you may have difficulty getting into some of the gaming ventures. So again, we feel there needs to be some planning done on this. We need, as we rush towards the cliff, to make sure there's water on the other side.

I would suspect that we would have to also see what happens in the marketplace. If in fact there are more positions than these 50 casinos, we would not like to see 50 pop up just right off the bat. There may be more opportunities for the charities not involved to get



involved, but I think that's exactly what we're saying here: that we just don't know enough, that there isn't a strategy, there isn't a policy, so therefore, sir, we have to go slow and try to answer that very important question.

**Mr Kennedy:** You've heard the minister say that there are going to be 20,000 machines implemented. These will be on the street corners, in the sense of being in the bars, as quickly as this government can do it. They've put out requests for proposals, they've withdrawn them, there are more requests for proposals coming out. This government is proceeding with abandon.

**Mr Flaherty:** That's not true.

**Mr Kennedy:** Mr Chair, I would ask you to direct him not to interrupt.

**Mr Garry J. Guzzo (Ottawa-Rideau):** He can do that; he's allowed. Come on.

**Mr Kennedy:** What I would like to emphasize in terms of the implementation is that there are absolutely no assurances here for charities in terms of their interests being looked after, and I'm wondering if you're not concerned. The government side, you've heard, is not concerned that this is going to take away money. They deny it will happen, that this will take money away from charities. We've had charity after charity, the break-open association, all the groups who know, who have talked to their counterparts in Manitoba and in other provinces: They know this takes away revenue. You need to say more plainly to this government not just that you'll consult with them, but you need to tell them the kind of risk they're creating for your members.

**Mr Wilbee:** I think we attempted to do that in a very short period of time, sir. We had some assurances here and we will be certainly monitoring that. This is a parliamentary system, I understand, and questions are asked. So I again would hope, when this is all over, that in fact Ontario has, if you like, built a better mousetrap, not just a smaller one.

**Mr Kormos:** Your concerns, as we've spoken to others, are consistent with a whole lot of groups similar to yours — not omnibus, as yours is, representing a number.

One of the interesting things is that I took a look at the local riding newsletter for Bruce Smith, MPP from Middlesex. He's a government member, and in it he said, "Slots do not cannibalize in other forms of gaming due to the fact that the games, prize points, prize structures and sales venues are different." He suggested in his newsletter that the slots aren't going to have an impact on other forms of fund-raising, be they commercial, profit-oriented or non-profit, and then he went on to say that the government returns range from 50% to 65% of gross sales. There's going to be precious little left.

Look, I wasn't an insider in the last government and I'm certainly not an insider in this one, but he's certainly going to be privy to information that I'm not if government returns range from 50% to 65% of gross sales. Having said that, we should remember things like the environmental lottery some time between 1987 and 1990, from which, remember, the proceeds were to be dedicated to environmental work. It simply didn't happen. Tantalum to the tire tax. You remember that. What was it? Five bucks a tire dedicated to the disposal of tires. It didn't happen.

I share your concerns. I'm concerned that charities are being used as a shill, as part of a scam to legitimize this. I take a look at the list of your members, and short of St Basil the Great Parish, most of them are charities that could be defined as being dedicated to research — I don't know the right language to use — and I distinguish them from groups — for instance, where I come from, we've got Casa Dante Lodge, we've got the Hungarian cultural centre, we've got the Polish hall, the Croatian hall, which aren't organizations like Big Sisters. They do dedicate some of their funds to community work. My concern, and I'd like you to comment on this, is that these are the very groups that may be squeezed out of charitable consideration, even though they dedicate a lot of their person power to raising funds, bingos, break-opens, what have you.

**Mr Wilbee:** I'm going to let my colleague Pati get in.

**Ms Pati Greenwood:** I would suggest to you that you'll see a lot of those community organizations represented through those bingo hall associations. Many of those small organizations cannot afford the full membership fee of Charities First, so they choose to be represented through their bingo hall association. You'll see them represented on our membership in that way.

**Mr Kormos:** I'm concerned about there being a peeing contest as such between different sectors within the non-profit community, some saying, "We are more charitable than somebody else is," when in fact both are currently doing the same sort of work to raise money for good purposes.

**Mr Wilbee:** I think that's one of our major points that we pointed out, our concerns of what is a charity, who should be involved not only with video lottery terminals but charitable gaming. We have recommended strongly that you as a committee consider in your recommendations that the term "charity" or who should participate in be defined in the legislation.

**Mr Kormos:** Would you recommend a broader —

**The Vice-Chair:** Mr Kormos, we are out of time, and I want to apologize for that. Mr Wilbee, Ms Greenwood, on behalf of the committee, I want to thank you very much for your presentation.

**Mr Klees:** Mr Chairman, while the next group is coming up, could I get a clarification from the parliamentary assistant on a matter, please?

**The Vice-Chair:** Quickly, yes.

**Mr Klees:** Mr Kennedy made a comment again earlier about the fact that an RFP had been submitted.

**Mr Crozier:** That's out of order, Chair.

**Mr Klees:** I would like the parliamentary assistant to clarify for the record —

*Interjections.*

**The Vice-Chair:** One moment. It is in fact in order to get some clarification on a point, and we will allow you to continue to do that.

**Mr Crozier:** Then perhaps the Chair will allow us to clarify points as well.

**Mr Klees:** I would like a clarification from the parliamentary assistant on a point that was made by Mr Kennedy that an RFP had in fact been sent out, and could we have that for the record, please?

**The Vice-Chair:** Mr Flaherty.

**Mr Kormos:** Chair, why don't we get Sterling back here and find out who's telling the truth.

**Mr Flaherty:** As I stated last week on the record, there has been no RFP, request for proposals, issued with respect to the acquisition or purchase of video lotteries. I thought I'd made that clear. I don't know why members would persist in stating the contrary, because that is the reality, that is correct, and I can't do anything more for you than tell you that that is exactly the situation.

**Mr Kormos:** The reason we're concerned is because senior staff in the ministry have been quoted by responsible media people to the contrary. Now, who's telling the truth? Somebody is lying. Let's find out who.

**The Vice-Chair:** Just one moment here. That is unparliamentary language, Mr Kormos, and I would ask you to withdraw that.

*Interjection.*

**The Vice-Chair:** I'm telling you. You know that it's unparliamentary language.

**Mr Kormos:** Obviously somebody is lying. Somebody is not telling the truth. Let's find out who it is.

**The Vice-Chair:** We do have a number of presenters before us who do have to get in before the end of the day, so we will continue.

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#### CHARITABLE GAMING FEDERATION OF ONTARIO

**The Vice-Chair:** Next is the Charitable Gaming Federation, and it will be Terry Sisson. Mr Sisson, welcome. You'll have 20 minutes for your presentation, and you may wish to leave some time for questions.

**Mr Terry Sisson:** I do thank you for your time.

The Charitable Gaming Federation of Ontario represents the partners that make charity gaming work in Ontario. The charities and non-profit groups are represented by an association called Charities First Ontario, whom you just heard from. The bingo hall owners are represented by the Registered Gaming Suppliers of Ontario. The Nevada ticket distributors and managers are represented by the Break Open Ticket Program Management Alliance. The casino operators are represented by the Association of Registered Casino Operators of Ontario. Finally in the mix, the manufacturers of gaming products are represented by the Registered Gaming Manufacturers of Ontario.

Collectively, these members of the federation account for billions of dollars yearly in sales and thousands of jobs in this province. Charitable gaming is a major industry.

The people involved in the Charitable Gaming Federation of Ontario have watched this industry grow rapidly over the last few years and have worked hard to make it a success. Everyone in our industry is very aware of the benefit to charitable and non-profit organizations throughout the province. We assist millions of people in thousands of charitable organizations in almost every municipality of Ontario. We are, as an industry, proud of the fact that we help improve the quality of life for everyone in Ontario.

The charities and non-profit organizations, our most important partners in this industry, are not just in Metro

Toronto or our big cities. They are in small towns and villages throughout this province, and they range from large, health-related charities, like Multiple Sclerosis, to the local Kinsmen Club.

The federation believes that the Conservative government has taken their commonsense commitment into the area of video lottery terminals or VLTs and we commend them on their decision to place these machines in existing gaming venues, such as racetracks and casinos. We wanted to speak here today to ask you to keep to that commitment.

Every survey that we have seen as we have studied the VLT issue over the past year indicates that VLTs are tremendously addictive. We are confident that you are on the right track by restricting their use to gaming venues and our policy statement (motion 96.08.087) reads as follows:

"The Charitable Gaming Federation of Ontario believes that the government of Ontario should not allow the use of video lottery terminals, slot machines or any other similar form of electronic gaming device in Ontario outside of legitimately operated casinos, racetracks or bingo halls until such time as a long-term strategy for gaming in Ontario has been developed and agreed upon by all stakeholders affected by gaming in the province."

Our member associations have provided you with estimates on losses to the charities from VLT implementation and we are sure that you must be wondering what the real effect would be on break-open and bingo revenues to charities and non-profit organizations.

The federation is also concerned as to the consequence of placing VLTs in bars and hotels.

By now, you will have heard the horror stories about the VLT that was attacked by the baseball-bat-carrying husband in the Atlantic provinces when he arrived home to find out that his wife had just dumped the grocery money into the VLT at the local variety store.

By now, you will have heard the horror stories from Alberta where a leading financial institution was shocked by a \$100,000 theft from an employee who lost that kind of money to the dreaded VLT in his local bar.

By now, we are sure that you have heard of the revolt by the municipalities in British Columbia who passed council resolutions that effectively closed the doors to VLTs in their towns.

In fact, we're sure you've heard by now all kinds of stories.

We feel that by now you will listen to the commonsense solution to the implementation of VLTs in this province. It is simple: Place gaming machines in existing gaming venues only, such as racetracks, casinos and bingo halls.

Charitable gaming has become a major industry in Ontario that generates millions of dollars for charity and non-profit organizations. It is the largest charitable gaming market in North America and well regulated and managed.

Video lottery terminals do have a place in established gaming environments, such as casinos, racetracks and bingo halls, where gaming entertainment is a focal point and where they would enhance the revenues for the existing activity. The estimated 8,500 units that are to be



placed in these locations would provide the Ontario government with \$637 million in revenue and \$502 million in profit, using average sales and cost projections of VLT operations in Alberta. This would be achieved without a significant negative impact on existing forms of charitable gaming in the province.

The government of Ontario is hoping to generate a lot of income by putting VLTs into bars and hotels. Suppose they do. Suppose they make a lot of money. But at whose expense?

Should this province want to make money at the expense of a provincial charity that is making \$1 million a year for local patient services and much-needed research to find a cure for a disease that attacks 70,000 Ontario residents? What could they lose if 40% of their revenue on break-open tickets was lost from their Nevada ticket program? Where would the \$400,000 come from? A 40% loss would hurt as much for the local Optimist Club that earns \$10,000 on their program; it means that \$4,000 a year is not available for those local projects.

The government has stated that it will give \$180 million back to charities and non-profit organizations from anticipated VLT revenue. The Ontario Lottery Corp operates one of the best lotteries in the world, and yet charities and non-profit organizations go crazy trying to apply and receive a Trillium grant they desperately need. If they get one, it takes several more years to apply. What happens while they wait? Do they reduce their program or just close their doors? We also wonder what happens to the program of the local humane society in one of our bigger municipalities, which recently told me that if it lost its Nevada site the program would fold. They would obviously be hurt too. Trillium-type payouts would not save this program. Charitable gaming in this province directly helps thousands of organizations stay afloat, especially with other grants being cut in an effort to meet budgets.

We were told in a Southam News article earlier this month that Mr Sterling was told outright by his counterpart in Alberta, Dr Steve West, that if he had to consider VLTs in his province again, he would now allow them in bars — “We would put them in central locations and keep them controlled.”

Before you consider putting VLTs in the bars of Metro and rural Ontario, we urge you to develop a strategic game plan with all parties involved in Ontario gaming, to include the Ontario Lottery Corp, the Ontario Casino Corp, the horse racing industry, the first nations gaming operations and the Charitable Gaming Federation of Ontario.

Common sense seems to be speaking out from everywhere and common sense should prevail in this case too. In closing, we'd like to ask you to remember these things: VLTs are addictive. We ask you to go slow and see what problems arise, we ask you to place them only in existing gaming venues and study them carefully and we ask you to consult the charitable gaming industry before you proceed. Thank you very much.

**Mr Crozier:** Thank you, sir. You've got some interesting and I think legitimate suggestions and points that you've made. I want to ask you simply, because I think your presentation has been complete, what you think we

can do to emphasize to the government the points you have made and to attempt to convince it that it should keep these in mind when Bill 75 is implemented?

**Mr Sisson:** I think the only thing we can really do is have sessions like these so that the government does in fact get an idea of what it's playing with. Also, I think you have to realize some time too that the municipalities are looking around at this and going, “There are ways that we can stop the whole thing,” and that's by taking them out of the municipalities themselves.

**Mr Crozier:** But do you see your organization playing a proactive role — in other words, not just walking away today, because we get such a short time together — and do you see your organization, through those affiliated organizations, raising public awareness on this so that we might get the message to the government?

**Mr Sisson:** That's exactly the approach we are taking. We've been writing letters and letting people know, and we won't stop here because we really do fear what's going to happen if they go into the bars.

**Mr Kormos:** Thank you, Mr Sisson. You're down from, I guess, not just my neck of the woods but Mr Hudak's neck of the woods too. One of the interesting things is that you speak of Toronto and then you speak essentially of the rest of Ontario, the vast majority of Ontario. There are some parts of the province — we were up in Kenora last week and had no quarrel with the fact that, especially in summertime, there's an incredible influx of non-Kenorans or non-indigenous people to that community. There are in Niagara Falls and there certainly are in Toronto, but most of smaller-community Ontario's population is fixed — not to say that Grimsby doesn't attract tourists or Thorold or Welland or Port Colborne, what have you.

One thing that has been raised is about the impact. You see, the ratio, because the government keeps saying we've got fewer slots per capita than any other gambling jurisdiction, still comes to one for every 550 population. The city of Welland, 48,000 people, 87 slots; the city Thorold, based on its population, some 50 slots, give or take. If each of those machines in Welland, let's say, draws a mere \$2,000 a week, that's \$160,000, \$170,000 a week that isn't being spent with the volunteers who are manning the break-open ticket booth over at the Welland County General Hospital, that isn't being spent on raffle tickets, be it the Lions Club raffling off an RCA TV set, more often than not, because the money ain't out there any more.

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**Mr Sisson:** That's right.

**Mr Kormos:** It's tougher and tougher for volunteer groups. If they aren't raffling off TVs, as often as not somebody's knitting an afghan. Well, it's true, because you can't risk the investment. Also, not all of Ontario is Toronto with its millions of tourists; not all of Ontario is, let's say, the city of Niagara Falls with its millions of tourists. Most of Ontario has its base community and those are the people who contribute to their local charitable gaming. I'm concerned about siphoning these huge amounts of money out of communities not just with respect to charitable gaming but with respect to what it does to the local economy, because that money ain't

being spent in the barber shop; it ain't being spent in the department store and the supermarket. Do you see Toronto as being somewhat different, perhaps, from the rest of Ontario in that respect?

**Mr Sisson:** There might be a lot more people in Toronto but obviously they have a lot more causes to support, but I suspect that Toronto could probably weather the storm a lot better than rural Ontario, that's for sure.

**Mr Kormos:** You speak of the people, in effect, whom you assist in raising money. I should tell you I suspect there will be amendments before this committee during our clause-by-clause consideration that give effect to your recommendation; you're not alone in that. Again, you've got to understand I wasn't a big casino fan. I voted against the legislation. But the fact is that they're here now, and it seems to me logical that if you're going to have this type of slots, at least put them in gambling-oriented destinations, to wit, casinos, and I'm prepared to concede as well racetracks. Bingo parlours was a new one; that came up several times. Would you then require bingo parlours to undergo the same types of regulatory supervision as casinos currently operate? Would you want one model of supervision, that is, a casino model of supervision and that's it — racetracks, bingo parlours, charity casinos — in Windsor, Niagara Falls, Casino Rama, to boot?

**Mr Sisson:** I would suggest so, yes. Again, if you're going to put them in gaming venues they've got to be controlled as gaming venues are. Unless you have the control, if they get into bingo halls that are not supervised, then you're risking all kinds of dangerous problems.

**Mr Kormos:** Interesting observation. Thank you, sir.

**The Vice-Chair:** To the Conservative side now, I've got Mr Klees, Mr Young and Mr Flaherty.

**Mr Klees:** How much time do we have?

**The Vice-Chair:** Four minutes.

**Mr Klees:** I'll defer first to the parliamentary assistant.

**Mr Flaherty:** Good morning and welcome. I want to raise just two points with you. Since you spend your time raising money for charities I'm sure you'll agree with me that the key issue for charities, as opposed to those who raise money for charities, but for the important charities in Ontario, is that there be a substantial increase in charitable revenues to them, which is what this legislation would result in; that is, an increase to the charities now of up to \$180 million more. If one is a charity, multiple sclerosis or whatever, that's what's important for the charities in Ontario.

I want to ask you about business too.

**Mr Sisson:** You made an assumption there. Do I get to reply at all?

**Mr Flaherty:** Certainly, as soon as I finish, if you don't mind. I want to ask you a question, if I may. I understand you own a break-open ticket business. You're in business for yourself, are you? You own a distribution company?

**Mr Sisson:** Yes.

**Mr Flaherty:** So you'll be concerned about jobs. You employ people?

**Mr Sisson:** That's correct.

**Mr Flaherty:** We were in northern Ontario last week, in Thunder Bay and Kenora. The majority of witnesses there, from development, from tourism, from the hospitality industry, are desperately seeking the same privileges they have in Manitoba and Alberta, which are their neighbouring jurisdictions, particularly Manitoba.

We have an estimate before this committee that this extension of video lotteries to the hospitality industry would result in 10,000 new jobs for people, particularly in rural Ontario. Would you agree with me that this is desirable? You're somebody who employs people; you know the value of business and jobs.

**Mr Sisson:** I agree that if it's going to create jobs and not hurt anything else, that would be great. One of the problems I have with that is stories that have been sent to us the other way around where the person is running a happy little bar, it's got all kinds of people in there singing songs and drinking and having a good time, and once they get the VLTs in there, the next thing you know they've got a little area where they're sitting down and there's nobody singing songs; they're sitting over at a machine playing. We've had that come back to us.

I appreciate what you're saying about jobs and everything, but at what point? Then they get caught in a little trap where, on the other side of the coin, they now have nobody singing songs but they have nobody buying beer either.

**Mr Flaherty:** A pub atmosphere is important. Having just returned from Ireland, I can assure you that I'm in favour of music in the pubs of Ontario.

**Mr Sisson:** Yes, and I just came back from England, where they have their fruit machines in all the gaming halls as well. There was another point that you made. Could I answer to it?

**The Vice-Chair:** Very quickly.

**Mr Sisson:** What was the first point that you made?

**Mr Flaherty:** The increase in revenues of up to \$180 million to the charities of Ontario under Bill 75, in addition to the \$290 million or so that is now received by the charities in Ontario.

**Mr Sisson:** I think that's an overall amount, is it not, or is that strictly from the bar?

**Mr Flaherty:** Total revenues.

**Mr Sisson:** One of the points I wanted to make here, and I appreciate what you're saying, is that charities come back to us and say: "We don't want handouts. When we have to go before that Trillium grant and get some money it's for special things that we do but the regular, ongoing programs for the next couple of years are messed up." So yes, you get extra money, but what kind of extra money is it? I just wanted to make that point.

**Mr Klees:** Mr Sisson, my question is along those lines. You're not opposed to VLTs as long as they're at race-tracks, in gaming halls, and you've added bingo halls as well. Is that right?

**Mr Sisson:** That's correct.

**Mr Klees:** So you obviously have no concern about the addictive aspect of gaming, do you?

**Mr Sisson:** Yes, I do. If I had my druthers I wish they wouldn't come into the province at all. But you know that's not going to happen; they're going to come in.



**Mr Klees:** I find that interesting, seeing as you're chair of the Charitable Gaming Federation of Ontario. However, let me put it this way. The reason you say that you are opposed to VLTs is because it will result in a net source of revenue to charities. Is that correct?

**Mr Sisson:** No, I'm here because of the people and the industry I represent. We think overall that it's going to hurt the industry. That's why I'm here.

**Mr Klees:** That's what I'm saying. I just want to clarify that. The fact of the matter is that the policy of the government, however, is very clear in that it will actually result in a net increase to charities, as opposed to a decrease, in the range of \$180 million. Having said that, if the people you are representing, who are concerned that there will be a net decrease in revenue to them, had the assurance, as a result of the commitment of this government, that it wouldn't have that negative effect, that there actually would be a net increase to the charities around this province, how would that position you?

**Mr Sisson:** It also depends on how they're going to get it. If you take a big, health-related industry that is dealing in literally \$1 million a year from a program and it's going to lose \$400,000, but you're going to come along and give them \$400,000 next year but take it away for the next two years because you're going to send it over here to the church or whatever, then their ongoing programs really do suffer at that point, and that's the point we're trying to make back. If we did have your assurances that we're going to be consulted as an industry and you say, "Let's work together and find a common solution to this problem" —

**Mr Klees:** That is the commitment, and we would look to you for some help on that.

**Mr Sisson:** If that's the commitment we'll walk away as happy people.

**Mr Klees:** That would make you happy?

**Mr Sisson:** As long as it's going to work that way.

**Mr Klees:** Then we look forward to working with you on it.

**Mr Sisson:** Thank you very much. I appreciate that. Thank you very much for your time.

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#### QUARTER HORSE RACING OWNERS OF ONTARIO

**The Vice-Chair:** Our next presenter is the Quarter Horse Racing Owners of Ontario, Skip Willis and Ken Muckleston. Good morning, sir. If you could identify yourself for Hansard, you'll have 20 minutes for your presentation and you may wish to leave a little bit of time for some questions at the end.

**Mr Skip Willis:** Thank you very much, Mr Chairman. My name is Skip Willis. I expect to be joined by Ken Muckleston, the vice-president of our association, but he is not here as yet so I will proceed. I will endeavour to be brief, both to allow for questions and also respecting the time constraints that the committee operates under.

The Quarter Horse Racing Owners of Ontario welcome the opportunity to appear before this committee today to express our strong support for the legalization of video lotteries at racetracks. We would like to focus our

remarks today on economic issues and what the legalization of video lotteries, exclusively at racetracks and inclusively at all racetracks, can mean for the quarter horse industry in Ontario.

We recognize that there are social issues involved in a further proliferation of gambling in Ontario. We are confident that over the course of these hearings these issues will be discussed in depth by people far more knowledgeable than ourselves. We will focus our presentation today on the potential economic impact on quarter horse racing.

Mr Muckleston has joined me.

For most people, horse racing means thoroughbreds and standardbreds. To some extent this is understandable. In an industry with a total betting handle of \$1.1 billion annually, our total handle is approximately \$115,000, barely rounding error. We have 21 race days at one track, where we have a total racing population of approximately 125 horses. Looking at those statistics, it's not hard to understand why we've been virtually ignored in the past.

There are, however, other statistics that tell a very different story. There are over 25,000 registered quarter horses in Ontario. Our association is associated with the American Quarter Horse Association, which has a full-time staff of 260 people at their head office in Amarillo, Texas.

Last year, the Ministry of Agriculture, Food and Rural Affairs did a study comparing the quarter horse and thoroughbred populations in Ontario. They found that the total capital investment in facilities and stocks for quarter horse owners was \$680 million. The same investment by thoroughbred owners was \$250 million. The annual expenditure on supplies and staff by the quarter horse industry was \$31.5 million; the annual expenditure by the thoroughbred industry was \$27.8 million.

We would like to acknowledge immediately the very significant difference between the quarter horse industry and quarter horse racing industry. Of the 25,000-plus registered quarter horses, slightly more than 125, or half of 1%, are currently racing. The critical point we want to make is that there is a large quarter horse population that could be attracted to racing given the proper circumstances, and we believe the legalization of video lotteries is an important first step in creating those circumstances.

There is ample evidence that the horse industry is a highly efficient job creator and therefore a stimulus to the economy of Ontario. For the fortunate few, owning and raising horses is a very enjoyable hobby, with economics as a secondary consideration. For the vast majority, however, horse ownership and breeding have to make economic sense. Viability in our business is a three-legged stool. Those legs are an adequate horse population, a proper racing facility and adequate purses. For the stool to be stable, all three legs must be strong.

The same is true for our industry. At the present time, we have half of one strong leg on our stool: We have a very large potential horse racing population. In 1995, the total purses that we raced for were just over \$200,000. That means that if every horse raced equally well, the expected earnings per horse would be \$1,700 a year, which is not an economically viable level.

On July 28, representatives of the American Quarter Horse Association unveiled a plaque at Picov Downs where we race, recognizing 25 years of breed-sanctioned, official quarter horse racing. Although we've been racing for over 25 years, we still do not have the first-class facility that we need. The legalization of video lotteries exclusively at racetracks, but including all racetracks, would be an important first step in increasing the revenue and therefore the purses available to our industry. We have already commenced negotiations on the possibility of building a first-class racing facility at Picov. At the appropriate time, we will be approaching the government to apply for a licence to have a permanent charity hall at our proposed new track to further strengthen its economic viability.

The American Quarter Horse Association has conducted extensive surveys, copies of which we will gladly arrange to have supplied to this committee, on the audience for quarter horse racing. They have found consistently that the audience is far younger and roughly balanced between males and females as compared with the normal audience for standardbred or thoroughbred racing. First-time visitors to Picov Downs are amazed by the crowds we draw. A significant portion of our normal crowd is composed of family groups, many of which contain pre-teen children. This is an audience the horse racing industry must learn to attract if continued fan support is to be maintained.

We in the quarter horse industry are already successful in attracting that audience. Our challenge is to build from our current very modest base to the solid and thriving industry we see in other jurisdictions. This development would be significant not only for people who would be interested in racing horses, but also farms that could breed horses for the track.

The economic ripple effect of a growing quarter horse racing industry can be very significant for the economy. The legalization of video lotteries at racetracks only, and including all racetracks, on a reasonable basis, is an important step in strengthening one of the three critical legs of our industry.

We thank you for the opportunity to appear before you and we'd be pleased to answer any questions you may have.

**The Vice-Chair:** Thank you very much, Mr Willis. We'll first turn to the NDP caucus. We're looking at about three or four minutes per caucus.

**Mr Kormos:** I counted four.

Thank you, sir. Indeed, succeeding you today is the Ontario Horse Racing Industry Association making its submission. You folks, not disparagingly, are sort of the odd people out in that industry in terms of stature?

**Mr Willis:** I think that would be a reasonable description. We tend to be ignored when people talk about horse racing.

**Mr Kormos:** You said something interesting, because you might have more in common with your colleagues in other facets of horse racing than you thought. The vast majority of them who have come before this committee have said, "We think slots are a great idea. The racetrack is capable of dealing with them. Putting them into other

licensed establishments like hotels, motels — no, you should stop at the racetrack."

Mind you, similarly, the Ontario Hotel and Motel Association doesn't want to share either. They say, "We understand you've got to put them in racetracks, and hotel and motel people, who are licensed, can handle them, but don't go beyond that. By God, don't put them in corner stores," even though corner stores sell the vast majority of lottery tickets in Ontario. Corner stores are the biggest purveyors of gambling in Ontario right now and they seem to have done a reasonably good job. How come you don't want to share? How come you want it to stop at the racetrack?

**Mr Willis:** Our rationale on that point is, first of all, from a clear, self-serving perspective, monopolies are beneficial, and if we're the only show in town, we get the major benefit. We also have the experience, being regulated by the Canadian Parimutuel Agency, of operating in that kind of environment. For people who are concerned about the proliferation of gambling, you're talking about racetracks where there is already parimutuel gambling, so there isn't a geographical proliferation.

As I stated in our presentation, from our industry's perspective, what we need is to find sources of revenue that are going to augment our purses, and the VLTs would help us.

1130

**Mr Kormos:** No problem. You got it. Talk about cash flow.

Mr Sisson, who preceded you, had one of the most interesting observations so far in the hearings. He basically said, "A gambling venue is a gambling venue is a gambling venue." As a result of our discussion, we had the proposition that maybe there should simply be one type of regulation, and that is of a gambling venue, be it a casino, a charity casino or a racetrack, which is the status quo. They're there. There's parimutuel. You can't turn the clock back. Would you accept that type of regime, where there was one standard applied to gambling venues?

Youngsters under 19 aren't admitted into casino gambling venues. Racetracks have been trying to say: "We're family. Bring your wife, bring your spouse of either gender, bring the kids of either gender. This is family stuff." If racetracks are being subjected to the same standards as a casino, those kids ain't going to be there. Would you live with that?

**Mr Willis:** As I suggested in the presentation, we've been successful in having a very family-oriented experience. Anyone who's come out to Picov Downs on a Sunday, and I recommend it — Mr Flaherty I think is the only one here of whom I'm aware who's been out to our facility. It is very much a family experience from that perspective.

It is difficult to comment, when you're asking a conceptual question about a revolutionary change in regulations, as to whether or not it's something we could live with or not live with. We take great pride in the fact that ours is an atmosphere that families feel extremely comfortable in and demonstrate that by their presence, and we wouldn't want to lose that.

**Mr Kormos:** Thank you, Mr Willis. I appreciate it.



**Mr Young:** Apparently this is in his riding.

**Mr Flaherty:** It's in the neighbouring riding. As MPP for Durham Centre I want to welcome Mr Willis here on behalf of the quarter horse industry. It is excellent family entertainment in Durham region. Not only is Picov Downs the leading racetrack in Durham region, it's also the only racetrack in Durham region and we appreciate having it. Thank you for coming, Mr Willis.

**Mr Douglas B. Ford (Etobicoke-Humber):** Mr Willis, would you explain to me and to some of the people here who are not familiar with racing what a quarter horse is as compared to standard thoroughbreds and sulkies and different things like that?

**Mr Ken Mucklestone:** I could probably help in that regard. A quarter horse is a breed association in exactly the same fashion as thoroughbreds are a breed association and standardbreds are a breed association. It is the largest breed association in the world.

**Mr Ford:** What is the difference between a quarter horse, though?

**Mr Mucklestone:** Different breeding. They all trace back to, I believe, seven stallions. The majority of quarter horses have a significant amount of thoroughbred in them. They are allowed to interbreed with thoroughbreds under controlled conditions.

**Mr Ford:** They run a different course.

**Mr Mucklestone:** They run an entirely different race. They are bred for short sprint races.

**Mr Ford:** What is that, a quarter-mile?

**Mr Mucklestone:** A quarter-mile is the maximum race we can run down here because that's as large as our track is.

**Mr Ford:** And they're partly thoroughbred, are they?

**Mr Mucklestone:** Most of them are partly thoroughbred, yes.

**Mr Ford:** So they're a mixed breed, then.

**Mr Mucklestone:** No, they are not a mixed breed. They are a controlled breed and they happen to be able to interbreed with a thoroughbred as part of that controlled breeding.

**Mr Ford:** That gives us some information. Thank you very much.

**Mr Guzzo:** Sir, thank you for your presentation. I think you have a legitimate claim and I don't know whether you've really dwelled on the area. I mean, 25,000 animals in Ontario — where are they stabled? Are any stabled at Picov Downs right now, on a non-racing day?

**Mr Mucklestone:** Yes, there are approximately 80 to 90 horses stabled on non-racing days.

**Mr Guzzo:** Great. So where are the other 25,000 stabled?

**Mr Mucklestone:** Fifteen of them are in my field.

**Mr Guzzo:** Tell me about the people who look after them. Do you hire people? Do you create employment by caring for those horses?

**Mr Mucklestone:** Yes, we do.

**Mr Guzzo:** You hire from the community?

**Mr Mucklestone:** We hire people from the community.

**Mr Guzzo:** And some of those people would have trouble, sir, outside the horse game where they're looking after animals, finding employment any place else.

**Mr Mucklestone:** Some of them would have an extremely difficult go of it if they tried to find employment outside the horse industry.

**Mr Guzzo:** The rest of these animals aren't stabled at racetracks like standardbreds, even a percentage of them. They're on the farms, they're in the rural areas, they're in farming Ontario and they're creating employment in farming Ontario. That is your best argument; that's what this government is after in doing what we're doing. I think you're entitled to your share, and I thank you for your brief.

**Mr Crozier:** Welcome, gentlemen. I hope, as Mr Guzzo has said, this government is willing to look at giving you your share because you have mentioned several times that you would like video lottery terminals, if they're introduced at racetracks, to be at all racetracks. I may be off by one or two and I'm sure the parliamentary assistant will help me if I am, but there are some 18 racetracks in Ontario. The plan as we know it is to introduce the bulk of them at only four tracks. We can understand why. It's because you're small change, to use the vernacular, and they want these things where the big bucks are. So I too share your concern that if we are going to treat everyone fairly, you should be included.

The 21 race days you have, give me some sense as to when they are: in summer, once a week, how does that run?

**Mr Mucklestone:** From mid-May to mid-October, roughly, and Sundays only.

**Mr Crozier:** And Sundays only, great. The fact that they're raced at one track, have they ever on an experimental base been introduced at any other tracks, be they small or major tracks?

**Mr Mucklestone:** The quarter horse racing people want to be recognized by the American Quarter Horse Association. In other words, they are racing not only for the purse but they are racing for other considerations as far as the breed association is concerned. The breed association has only licensed one track east of Manitoba, ourselves, and we have had demonstration races at other tracks. That's as far as it's gone.

**Mr Crozier:** I think, as Mr Kormos has alluded to, we have difficulty in getting each of the vested interests a share with the others and we can understand that. I looked at the schedule and we have almost two weeks to go on these hearings. We will be hearing from horsemen's associations, racetracks, track associations, and certainly we'll be posing those questions to them on your behalf to see if they're willing, along with you and along with Mr Guzzo's encouragement, to have the government share the benefits of this with you as well. Thank you for being here.

**Mr Willis:** Thank you very much.

**Mr Flaherty:** Mr Chair, just before we go on, I've been asked by the ministry and I would like to provide some statistics with respect to inspections by the liquor board in Ontario, given what we heard here earlier today. I am advised that the LLBO currently does some 7,000 spot audits per year. The LLBO also red-flags problem premises for inspection and investigates any formal complaints. There are approximately 300 to 350 hearings each year. With respect to the merger of gaming and

LLBO, inspectors will be able to do multiple inspections, both liquor and gaming, and the Gaming Control Commission and the province have a history of increasing regulatory and enforcement employees as gaming activities increase.

**Mr Kormos:** A vain attempt at spin-doctoring and damage control.

#### ONTARIO HORSE RACING INDUSTRY ASSOCIATION

**The Vice-Chair:** Our final presenter this morning is the Ontario Horse Racing Industry Association. Mr Robert Hall and Jane Holmes, I'd like to welcome you to the committee. You have 20 minutes for your presentation. You may wish to leave some time for questions.

**Mr Robert Hall:** I don't think we'll need all 20 minutes, but I'd like to introduce myself again: Robert Hall, chair of the Ontario Horse Racing Industry Association, which we call OHRIA. With me is Ms Jane Holmes, executive director of OHRIA. Thank you for providing us with the opportunity to make this presentation to the committee on behalf of OHRIA.

This is a very interesting organization. It's a non-profit corporation, bringing together all the major players in racing in this province — perhaps the only type of organization, certainly in North America and perhaps in the world, where all the major players are together. They came in with agendas but we've done pretty well; most of our decisions are unanimous and we're very pleased with that. We realized some years ago that we'd either have to be together or sink separately because the racing industry found itself in a very calamitous position.

The umbrella industry represents all the major participants: the Ontario Harness Horse Association — that's the owners and the trainers of harness horses; the Horsemen's Benevolent and Protective Association of Ontario — that's the thoroughbred owners and trainers; the Canadian Standardbred Horse Society; the Canadian Thoroughbred Horse Society — that's the breeders of both breeds; Racetracks of Canada, Ontario division; the Ontario Jockey Club; and all of the independent tracks in the province. These are the regular voting members of OHRIA. We do have associate members and at this time the Canadian Quarter Horse Association is becoming an associate member. Perhaps within a short time, as their industry grows, as their breed grows, they will no doubt become a regular voting member of our association.

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I speak on behalf of OHRIA. You will hear other presentations that may differ slightly — people have a clear mark on what they wish to have for racing — but I think we're unified on some fronts, which I will discuss in a few moments. The purpose of OHRIA presenting today is to provide the broad horse racing industry perspective on Bill 75, specifically as it relates to video lotteries.

We support Bill 75 with regard to the legalization of video lotteries in Ontario. As the oldest and most highly regulated form of legalized gaming in this province, our industry is well aware of the negative impacts the grey market has on legal operations.

We do not believe the Ontario government can or should turn a blind eye to the seriousness of the grey market. In addition to the reported 15,000 to 25,000 illegal video lottery terminals in this province, there are other forms of illegal gaming. For example, Internet now offers numerous and varied online wagering activities for anyone willing to play. These operators are often based offshore and the money flows out of the country instead of being retained in Ontario. Illegal operators are not subject to the regulatory controls to which the Ontario horse racing industry and other established legal gaming operations are subjected.

The grey market provides no protection to the customer. Revenues do not flow to legal businesses that pay taxes — federal, provincial and municipal — as well as licensing fees, nor do revenues flow to the government. The grey market contributes to problem gaming. However, these unscrupulous operators do not provide funding to address this problem, unlike the proposed 2% which would flow from the proposed video lottery program. Based on the size of the grey market, it appears that there is a demand for this form of gaming in our province. It must, however, be in a controlled and regulated environment.

Why locate video lotteries at racetracks?

We are an agricultural-based industry that is the oldest legal gaming business in Ontario.

Horse racing is highly regulated both federally and provincially and is committed to maintaining the integrity of the gaming industry.

The principal employees at racetracks involved with parimutuel wagering are licensed and have been thoroughly investigated by the OPP under the provisions of the Ontario Racing Commission.

Security and surveillance systems exist at racetracks.

The horse racing industry is technologically advanced in the operation of its computerized parimutuel systems.

Our employees and management are experienced in serving the gaming customer and handling large amounts of money.

The industry is prompt in remitting revenues to the government.

Racetracks have the infrastructure and the necessary customer amenities to accommodate the video lottery operations.

Social responsibility? The horse racing industry recognizes its social responsibilities as a gaming industry. As you've heard previously, our racetracks contribute to the funding of problem gambling associations. As well, OHRIA has actively participated in the development of the comprehensive provincial strategy on problem gambling. The horse racing industry is cognizant of its role in facilitating preventive measures so that gaming remains an enjoyable form of entertainment.

We support video lotteries in permanent charitable gaming halls. Our industry has been actively involved in the community by providing fund-raising events for local charities. There is an established relationship between racetracks and charitable organizations, and this relationship could be further developed for the benefit of both of these established gaming operators if permanent charitable gaming halls were located at racetracks.



The horse racing industry would like to go on record at this time that we would be very concerned if a private sector operator was responsible for video lotteries in any form at racetrack locations. We are extremely concerned that the integrity of our parimutuel operations may be jeopardized by the involvement of third parties at our locations. If the government's intended direction is to further maximize private sector involvement in the acquisition and operation of video lotteries, the Ontario horse racing industry is prepared to enter into direct negotiations with the appropriate government bodies to develop a mutually acceptable agreement to get the industry into the ownership position of video lotteries at racetracks while still enabling the government to meet its requirement to conduct and manage the lottery scheme.

The racetracks currently have communication linkages to the Canadian Pari-Mutuel Agency, our federal regulatory body, to facilitate the control over and auditing of the parimutuel wagering. As well, there are linkages between racetracks.

It is a concern of the industry that there will be some element of cannibalization of parimutuel wagering as a result of the new casinos being opened and video lotteries being introduced on a widespread basis. Ontario is unique from other horse racing jurisdictions in North America, with the number of racetracks operating, 18, and with the size and growth of the parimutuel handle in the last two years. In other jurisdictions where these machines have been installed at racetracks, there has been an overall decline in the level of parimutuel wagering. Much of this decline can be directly attributable to nearby casinos and the introduction of video lotteries.

While we have witnessed the positive impact on horse people's purses in jurisdictions with the introduction of video lotteries in those jurisdictions, the horse racing industry received a significantly higher revenue share and a greater number of machines than is being proposed for the Ontario industry. If implemented, we would respectfully request that the potential cannibalization be considered in the allocation of revenue shares, and that a review be undertaken on the impact of video lotteries on existing gaming operations and social impacts before any further expansion goes beyond the proposed phase 1.

The horse racing industry has developed a strategic plan and sees racetracks becoming multiple gaming-sport-entertainment centres. However, we are committed to remaining true to our core business: horse racing. The vision of the Ontario horse racing industry is to be a world-class leader in horse racing and breeding. Revenues derived from video lotteries will be reinvested into horse breeding and racing. This will have a dramatic multiplier effect on the provincial economy, because of the labour-intensive character of the horse racing industry. This will result in the creation of new jobs, primarily in rural communities, where it is difficult to create economic revival.

Horse racing generates 33 person-years of employment for every \$1 million of incremental industry expenditures. The Ontario horse racing industry, if provided with the opportunity, will integrate video lottery gaming into our racetracks to create a quality gaming entertainment destination centre. We'll work in partnership with the

government to ensure that this is done in a professional and socially responsible manner, which supports the long-term viability of the Ontario horse racing industry.

The horse racing industry, for those who are not aware, is the third-largest agricultural industry in this province, after beef and dairy, employing directly, we estimate, 26,000 persons, and probably indirectly an equal amount, most of whom would be largely unemployable in the workforce.

We thank the committee for your time. Jane and I are prepared to answer any of your questions.

**The Vice-Chair:** Thank you very much for the presentation. The first question is from the Conservative side.

**Mr Tim Hudak (Niagara South):** Thanks for the presentation. I've heard it described that the racing industry was in a rather calamitous position until this government came into office and then there were some changes announced in the budget, predominantly what we're dealing with today, Bill 75. Is that an accurate assessment of the way the racing industry was? And perhaps you could tell me how the future looks.

**Ms Jane Holmes:** This government has recognized the importance of the horse racing industry by reducing the parimutuel taxes to one half of 1%. That's put us on a level playing field with other horse racing jurisdictions in North America. We're not competing in a provincial or national marketplace; we're competing in an international marketplace. That is seen as one of the large movements forward to help support this industry to continue to be strong and viable.

Right now, we're the fifth-largest horse racing jurisdiction, and in standardbred racing our racetracks are considered number 1 and number 2 in North America.

**1150**

**Mr Hudak:** How important is Bill 75 in terms of the 40,000 jobs associated with racing in Ontario?

**Ms Holmes:** The industry sees it as an opportunity to become competitive within the gaming marketplace in Ontario. At one point in time we were a monopoly in the gaming environment. Now we're about 11% of that environment. As we see new casinos and other forms of lotteries and charitable gaming growing, our market share keeps diminishing. We believe video lotteries will give us an opportunity to compete in that playing field as well.

**Mr Hudak:** So in terms of the 40,000 people associated with racing, this is certainly a good move forward.

**Ms Holmes:** We believe that if video lotteries are a success in contributing revenues to the horse racing industry, we will grow that number of jobs.

**Mr Hudak:** You mentioned something that's very interesting in your presentation. You talk about a multiple gaming-sport-entertainment centre. The way the opposition tends to portray it, because it suits their purposes, is that VLTs are a type of machine where people get ratcheted to it, get locked to it by a chain, that they're zombies and they don't do anything else but play VLTs. But from what I see here, and what I've noticed in some research and discussions in other areas like Dover Downs in the States and Delaware and such, you can make a multi-entertainment centre a destination. I believe that's an accurate assessment. Perhaps you could tell me if that's right.

Second, when the money comes in from the VLTs, how will that be reinvested? Is that just lining the pockets of the Ontario Jockey Club, or is that going to be reinvested in the racing industry?

**Mr Hall:** We keep on hearing about the Ontario Jockey Club. They're just one of our participants. What is the proportion of money coming back from the tax?

**Ms Holmes:** To the jockey club?

**Mr Hall:** Yes.

**Ms Holmes:** Well, their wagering represents 80% of the industry, but half of that goes back to the horse people who run at the jockey club. I think that's the important thing that people forget, that half of the jockey club is the horsemen. We see the revenues from the VLTs going back to support the horsemen in their purse money, and the purse money is what pays for the breeding and horse racing industry in Ontario.

**Mr Hudak:** The Fort Erie track, for one, is a beautiful track, the most beautiful I've been to, and it's in my own backyard, but it certainly needs a little bit of work in the grandstand area and maybe in the stables. Do you see this money from the video lottery terminals being reinvested in this track?

**Mr Guzzo:** Fix the leaky roof.

**Ms Holmes:** One of the things that's happened is that the horse industry has been underfinanced because of our high parimutuel taxes, so we haven't been able to reinvest back into our facilities the way the new casinos and the new SkyDome and the other theatres have been able to do. We need to reinvest into our plant to be able to draw people back out to the racing industry and to the racetracks and make it an entertainment experience.

**Mr Crozier:** Thank you, Mr Hall and Ms Holmes. Prior to the announcement of the introduction of VLTs in the province of Ontario this spring, had you approached the government, had the government approached you, and had you lobbied for video lottery terminals?

**Mr Hall:** In our strategic plan that we presented to the previous government and also to this government prior to the budget, we didn't champion VLTs. At that time we were concentrating on a significant reduction, which fortunately came through, in the parimutuel tax. But we did say, "If you're going to bring them in, we are the logical place to have them. Yes, we would like them exclusively," because we have a regulated environment where betting can take place. People come to the race tracks to bet and we have the surveillance, we have the tremendous amount of control of anybody going to a racetrack, whether it's a youngster betting or whether it's a person who is unwieldy in the room betting. We have more than a jaundiced eye; it's very carefully controlled.

**Ms Holmes:** We did have a couple of our members, not through OHRIA. As an industry we did not approach on video lotteries at all. There were some individual members, but they were racetracks that had casinos in the backyards. For example, Ottawa, which has experienced a 15% to 20% drop in its parimutuel since the casino in Hull has opened.

**Mr Guzzo:** Mr Bouchard kept that money and he's put it to good use. He's breaking up the country with it, in keeping with the Liberal plan.

**Mr Crozier:** Chair, are you just going to let him tear on like that?

**Mr Guzzo:** Well, he won't recognize me legally.

**Mr Crozier:** I can understand why.

I understand some of the problems the racetrack industry has. We had a small track operating in our town until a few years ago. It interests me why, if they are so important now, you wouldn't have lobbied for them previously.

**Ms Holmes:** I think the parimutuel tax reduction was far more important to the industry than the introduction of video lotteries. We cannot compete with other jurisdictions in terms of payout to our customers without the tax reduction, and the horse owners and the track are reinvesting money back into the breeding operations. As far as our priorities were concerned, it was getting the parimutuel tax reduction so we could compete in our core business, which is horse racing.

**Mr Crozier:** In the third-last paragraph of your presentation, you note that the revenues derived from video lottery terminals will go into the creation of new jobs, and you relate this to horse racing generating 33 person-years of employment for every million dollars of incremental industry expenditures. I want to make sure this is not just inferred: Will that be the same for video lottery terminals?

**Ms Holmes:** No. The revenues that go back into the breeding section is where it creates the 33 new jobs. It's our reinvestment back into the horse racing industry. We do expect that there will new jobs created from video lotteries. When we looked at Hippodrome in Quebec, they have a small number of video lotteries, and while you have synergies, they've created 14 to 20 new jobs just at that small track, which is comparable to one of our class 3 tracks here.

**Mr Crozier:** When we throw statistics around, I just want to make sure that somebody doesn't read something into it.

**Mr Kormos:** Again, your submission is parallel to so many others from your industry as well as to the hotel-motel association. They're saying they've got hard times too; they want a piece of this action. Why let the horse race industry grab it all? They want a share.

You do make reference, though, to the phenomenon of the grey market and the 15,000 to 25,000 illegal video lottery terminals. Even at 20,000, that'd be the same ratio as the government is proposing for slots: one for every 550 population. I am going to seek some clarification, because I suspect the number is based on the actual defacto number of these video slots whether or not they're being paid off on. Otherwise, the preponderance of them would be so great — I mean, talk about grey market. Heck, I grew up in Welland-Thorold, and you've got to be talking about bookage too. I don't think Welland had, or still has, any more or any less — I remember Ace. He's dead now, but he was one heck of a bookie. He wore a white wig and he used to keep his betting slips up under the wig. As often as not, the police would walk into the Dexter Hotel, and he wasn't sure whether they were there to place a bet or to bust him, but poor Ace would flip that wig up and the little tabs would be hanging out all over the place, and as it was, one of Niagara region's finest only came in to check for the underage crowd.



But here's Welland real close to the Fort Erie track, and the proximity of Welland to the track didn't seem in any way to diminish the number of bookies. These people were entrepreneurs. I know bookies, hard lives in their own right, who sent their kids on to university and their kids are professionals now. None of them would ever become politicians, which speaks to the quality of their parents.

I mean, how are legal slots going to eliminate illegals?

**Mr Hall:** Having acted for bookies, I can say a lot of them are very reputable. There'll always be bookmakers; the payoff is going to be better.

**Mr Kormos:** In fact, there's half the maximum on the longshots.

**Mr Hall:** Yes, that's right.

The only thing I wonder sometimes is that by having slots or the video lotteries in every boondock and every hotel/motel, Mac's store or 7 Eleven, if that's proposed — and incidentally, I don't think the provincial treasurer went that far. I hear people talking about 7 Elevens and Mac's milk stores. I don't think he went that far in the proposed bill.

But the point is that the security, the care and the — I don't see how they could do it. With the hotels that have liquor licences today, my goodness, you don't have enough supervisors to supervise liquor, so we were just wondering where in the world they're going to have the supervision and control of the hotels and motels. It's going to be one very difficult job, especially for tourists coming in. You have to isolate them in a room which presumably will be, and has to be, only for that gaming venue, whereas racetracks have it built in; we have that now.

**Mr Kormos:** Point made. I'm hard-pressed to quarrel with you on that specific issue.

**The Vice-Chair:** Sorry, Mr Kormos. Our time has expired. Mr Hall and Ms Holmes, on behalf of the committee, I would like to thank you very much for your presentation.

This committee will stand in recess until 1:20.

**Mr Kormos:** Chair, before we go to recess, I know the research staffers, among others, are compiling a précis of each of the submissions which will be made available at the end of the hearings. I don't want to put the staff under inappropriate demand, but it probably would be convenient for most if not all of us if we could use this type of annotation to have a brief breakdown so we can review it. If stuff is available, I think all of us would appreciate receiving it when it's available if we could have it. I certainly would.

**The Vice-Chair:** Is it an interim summary you're looking for at this point?

**Mr Kormos:** Yes, but only if it's available.

**The Vice-Chair:** We'll make that available, will we? Okay, we'll get that.

*The committee recessed from 1202 to 1319.*

## BIG "D" BINGO

**The Chair:** Good afternoon, members of the committee, ladies and gentlemen. Our first presentation is Big "D" Bingo. I understand the spokesman is Mr David

McNevin. Mr McNevin, if you would introduce anyone else who will take part in the presentation for the purposes of Hansard.

**Mr Philip Katz:** Actually, my name is Philip Katz and I'm the president of Big "D" Bingo. With me are Francis Lucier, David McNevin and Ron Foster. On the first page of the submission it indicates who we are — not what we are, but who we are, anyway.

Mr McNevin will do a short presentation, and then we'll take your questions.

**Mr David McNevin:** Good afternoon, Mr Chairman and members of the committee. In my submission today I will be covering four basic issues. First of all, I'll discuss briefly the nature of the bingo industry in Windsor, with a particular emphasis on the relationship between charitable organizations and commercial bingo hall operators; second, I'll discuss the types of charities that utilize our facilities at Big "D" Bingo; third, I'll discuss what we perceive to be the anticipated impact of VLTs in Ontario; and finally I'll outline the factors and considerations which in our view militate in favour of installing VLTs in commercial bingo halls.

The bingo industry has grown tremendously in the last five to 10 years, and particularly in Windsor, where bingo generates approximately \$137 million annually. Some \$25 million of that goes directly to charitable organizations. Over a thousand charitable organizations in the Windsor-Essex county area participate in bingo and raise proceeds in that manner.

Windsor has a disproportionately large gaming industry. It has two temporary casinos. It has a racetrack and temporary Monte Carlo events and 13 bingo halls. Given the fairly small size of Windsor's population, it's important to note that this market draws largely on its proximity to the United States, with five million residents in south-eastern Michigan within an hour's drive.

The advent of the casinos has impacted the bingo industry to some extent. Initially the impact was fairly dramatic, but it has stemmed over time and it's been estimated that the overall impact is approximately 5% to 10% loss of revenues.

Big "D" Bingo is a leader in the bingo industry, and at tab B of our submission we've provided some photographs of what we understand to be the first theme bingo hall in Ontario. We're very proud of that operation. Big "D" Bingo operates four bingos in the Windsor area, and another bingo in the Leamington area under the Bingo Country name.

At page 3 of our submission we've outlined a typical breakdown of a bingo event to give you some background on how bingo operates. The essential point to take from this illustration is that a given charitable organization can generate as much as \$45,000 annually in one of our halls. That's a substantial amount of money, particularly for grass-roots charities or smaller organizations. Part of the focus of our submission today is their role in the introduction of VLTs.

The partnership between charitable organizations and commercial bingo hall operators is an extremely important one. Big "D" Bingo deals with approximately 250 groups in the Windsor area and an additional 50 to 60 in Leamington. The charities rely on the commercial hall

operator to market the hall and to provide suitable products for selling bingo. In turn, the hall operator relies on the charities to come and staff the events and so forth. Indeed, it is a very critical and crucial relationship. We've provided a number of examples of groups that deal with us, particularly a number of what I call grass-roots charities, many of which are groups that but for bingo would not exist at all. In my submission, it's our belief that these groups are probably the most vulnerable to the advent of VLTs if they were to lose substantial revenues through bingo.

Turning to the anticipated impact of VLTs, the Ontario government, as you know, has estimated it will earn as much as \$350 million to \$400 million annually, with an additional \$90 million to \$180 million going to charity and an additional \$9 million to combat gambling addiction. It would be my submission that these predictions perhaps are even on the low side. We've looked at the experience in other provinces, and clearly, across the country, VLTs have had a tremendous impact and are generating substantial revenue.

A downside of VLTs, among others, that we're concerned about is that they do not create a destination attraction like the casino does. Although the casino, as already noted, has had somewhat of a negative impact on bingo, it nevertheless draws new customers to the gaming market, so to speak, 80% of whom are estimated to be American in the Windsor market. VLTs, because of their wide dispersion among a number of locations, in other provinces in any event, have not had a similar type of effect. People don't travel from other jurisdictions to go play VLTs in a particular market. So in this regard, we believe the introduction of VLTs will dilute the gaming revenue that's already being spent, and that will certainly affect bingo and other types of charitable gaming. In this regard, we present our case to have VLTs included in bingo halls, and I will outline a number of reasons for this.

First of all, in other jurisdictions across Canada, VLTs are not in bingo halls. That is because in all other jurisdictions but for Ontario, there is no minimum age to play bingo. In Ontario, the minimum age to play bingo is 18, and so we don't have the same kind of policy considerations that might be in place in another jurisdiction to restrict the placement of bingo halls. I would note that racetracks are among the first locations slated to have VLTs. The minimum age to bet at the racetrack is 16, so clearly Bill 75 will have to address this issue in terms of placing VLTs in an area where persons under the age of 19 cannot have access to them.

One of the other arguments in favour of putting VLTs in bingo halls is that the charities that are going to be affected could potentially be directly compensated, and it's our submission that charities should take a direct share right out of the revenues of VLTs.

In our partnership with charity, one of the key partners is our charities association, which is an amalgamated group of all the charities we deal with. Ron Foster is the president of this association representing 250 charities. This group administers \$10 million annually and distributes \$3.1 million directly to charities, and in our submission this group is ideally suited to distribute the

proceeds of video lottery terminals directly to charities. In our recommendations section, we've outlined a potential percentage breakdown in that regard.

Another factor is that the municipalities presently screen charitable groups and determine whether or not to grant them bingo licences. In this regard, having the municipalities determine what charities in effect merit funds and are going out to work for these funds through conducting bingo basically eliminates the necessity for any other body to be created to serve this function and allows for local preferences and priorities to be reflected in those types of organizations that receive funding.

Finally, and I know you've heard this many times, we're looking for a level playing field. If racetracks are going to have VLTs, if permanent Monte Carlo sites are going to have VLTs and it's clearly going to have an impact on us, we want the tools to compete, we want the tools to continue to maintain our viability, and our charities want the funds that they derive from bingo.

Those are my submissions. We now open it up for any questions.

**Mr Crozier:** Welcome, gentlemen. Mr Katz, we have to stop meeting this way. The only time we meet, it's across the table and we're talking about bingos and gambling. But it's good to see you again.

**Mr Katz:** Thank you.

**Mr Crozier:** In the limited time we have, I'd like to zero in on a couple of your recommendations. Number 7 says, "The existence of some grass-roots charities is seriously at risk following the implementation of VLTs across the province." Could you comment? If I say I interpret that to mean you don't really support VLTs, but if we're going to have VLTs, then — no, I'll rephrase my question. I wonder to what extent you feel it will hurt the small grass-roots charities.

**Mr Katz:** The small grass-roots charities, by and large, have this one venue from which they can raise substantial amounts of money. They don't have enough people to go out with chocolate bars on corners or whatever. So if there is going to be an impact on the gaming dollar as a pool, if we make the assumption that there's a gaming dollar out there and some of it is going here and some of it is going there, how can we selectively say that we're going to give this part of the gaming dollar an added advantage and this part not?

Windsor or Leamington is a small area. The demarcation line for people going to this place to gamble and therefore this place is kind of a fortress and won't be hurt by the fact that the money is going over there is not true. We're affected by everything that goes on in our community. All we're saying is, don't selectively leave us out. Alternatively, if they're not there, we'll live with that.

We're not saying to you, "Let's have VLTs," and we're not saying to you, "Let's not have VLTs." We're saying to you we're operating in the gaming industry. We're operating for very important reasons. We want the same tools everybody else has so we can compete fairly on a level playing field.

1330

**Mr Crozier:** How do you feel about the local option, where a municipality may or may not want to have VLTs under its jurisdiction?



**Mr Katz:** In Windsor we had a particular example of what happens when an operator is just outside the governed area and does not comply with the rules or guidelines that have been set down in the region; as an example, Windsor. He's had a major impact on a portion of the market in Windsor because he has a different set of rules. If a locality is left out and somewhere nearby, and they will travel a certain distance, they can get the opportunity for the better entertainment or whatever we call it, they will go there and the local municipality or area will suffer for it.

Gaming has grown up. Gaming is different now than it was. Bingo halls, as we used to understand them, have got to meet the new world, the new corporate world. The opportunity to become a place of destination is important. We have to compete with casinos; we're going to be competing with permanent charity casinos. We've got to be able to give these people products so that we become a place of destination. We can't be left out.

**Mr Kormos:** I appreciate your comments. In conjunction with what we've heard over the course of a week now I agree entirely with what you say about bingo. I come from Welland-Thorold, a strong church community, and back into the 1950s people were driving by busloads from Buffalo to come to Welland for church basement bingos, which was the hottest action in town, no two ways about it. When you speak of maturation, similarly the centralized bingo hall operations with bigger prizes have put the church basement bingos as fund-raisers out of business. I notice among the clientele you list are any number of churches that probably 30, maybe even 20, years ago ran their own bingos and now rely upon the large bingo hall with the greater consumer base.

I don't think you were here this morning. One of the interesting things is that nobody wants anybody else to share in any of the action. The horse race industry thinks VLTs and slots are a great idea as long as they're at racetracks and they don't want anybody else to have them. That's a generalization but it's reasonably accurate. The Ontario Hotel and Motel Association thinks it's a great proposition and it's happy that racetracks have them and that hotels and motels are licensed to have them, but they don't want anybody else to have them because they don't want to share any proceeds.

When you talk about maturation of the industry, has bingo grown to the extent where bingo halls are gaming operations on the same plane as casinos — be they Windsor, Casino Rama in Orillia, Niagara Falls or be they charitable casinos — such that we should be looking at regulating them with a model? You refer to that in some of the material in here. You raise questions about resolving the problem of age by raising the age of playing bingo to 19 or reducing the age of playing slots to 18. Are we off track here in terms of somehow isolating bingo from the overall gaming casino industry rather than saying it's all part and parcel of the same industry, and if you want to talk level playing fields, let's get serious about that and put casinos, bingo halls and racetracks on a level playing field in terms of the same models of regulation?

**Mr Katz:** Absolutely. When somebody speaks about the hospitality industry, they don't selectively take out

some restaurants because they only serve ribs or others because they only serve hamburgers.

As much as we don't like the idea, occasionally we have to take a page out of the American book, and in Windsor we've been working very hard to get to that. We're trying to get past the day when we're competing with each other and getting products into each bingo hall or being clever in each bingo hall, whereby we attract some of my neighbours' or my competitors' clients. We're trying to take the model from Las Vegas. Although everybody knows the various names in Las Vegas, whether it's Caesar's or Harrah's or whatever, they tend to sell themselves as a region, the whole of Las Vegas. We have to do the same thing. There's a market out there. Next to us there's a market of six million people. We want to attract them. We're not going to attract them by splintering ourselves off.

I don't fight the casinos; I join them. When they went to 24 hours a day, we as a bingo hall, for the first time I think in Canada, went to a 24-hour-a-day bingo, and it worked. I didn't say they were doing wrong; I tried to do it their way. I think we have to sell ourselves as a whole region, as a gaming region, and therefore we have to have products which help us to be part of that destination.

**Mr Ford:** Mr Katz, what benefits do you see flowing to charities in the move toward permanent venues and away from roving Monte Carlo nights? Do you think the safety and security of the sites will be improved from the perspective of charities, operators and patrons? I think, in my own experience with bingos, a different type of person goes to a bingo hall than to casinos. Am I right or wrong?

**Mr Katz:** To some extent you're right. Bingo players spend their money differently, at a different pace. Bingo halls do have, for lack of another way of saying it, a certain social aspect. They meet some of the same people there on a regular basis, there's some camaraderie among the players, so to some extent there is a difference. I don't know that there's going to be a major impact, as long as we're not kept isolated from the growing market.

**Mr Ford:** What about the fixed sites rather than roving? You know what I'm talking about.

**Mr Katz:** My personal opinion is that the fixed sites —

**Mr Ford:** Do you think that's going to improve the flow to charities?

**Mr Katz:** It improves the atmosphere. I think the caravan did not look good, it didn't give it a good atmosphere and we had a bad feeling about it coming and going.

**Mr Ford:** What about security and everything else?

**Mr Katz:** If everything is in place, if the field is levelled, everything will find its place. Like any other marketplace, various products fit in with a certain clientele; they develop their clientele and they're able to do that as long as everybody knows what the rules are, as long as we know in advance that this is how we're going to play the game.

**Mr Ford:** What level of investment would you expect to make in a community where a permanent charity gaming hall was being built?

**Mr Katz:** What level of investment? Meaning?

**Mr Ford:** Meaning character of the place, investment in the place, the atmosphere, all kinds of things.

**Mr Katz:** If you take a look at those pictures we had —

**Mr Ford:** Yes, I did see some of them.

**Mr Katz:** — we took the position — and that's an experiment; I admit that.

**Mr Ford:** That's an experiment, yes.

**Mr Katz:** That experiment is in the \$4-million category. We, as a corporation, are prepared to do that to bring ourselves into the 21st century. We think that's where we have to go.

**The Chair:** Gentlemen, Mr Katz and your associates, I'd like to thank you for your very professional presentation here today.

**Mr Flaherty:** Chair, if I might raise one matter with you before we begin with the next presenter. I have a letter from the Minister of Consumer and Commercial Relations addressed to yourself as chairperson. It's dated August 12, 1996, addressed to:

"Mr Gerry Martiniuk, MPP and chairperson,

"Standing committee on administration of justice

"c/o Donna Bryce, clerk

"Room 1405

"Whitney Block

"99 Wellesley Street West

"Toronto, Ontario M7A 1A2.

"Re: Bill 75, the Alcohol, Gaming and Charity Fund-  
ing Public Interest Act, 1996.

"I understand that questions have been raised by certain members of the committee as to whether a request for proposal has been issued regarding the acquisition or purchase of video lotteries.

"I have confirmed with the Ministry of Economic Development, Trade and Tourism, and would like to state for the record, that no such request for proposal has been issued at this time.

"I would appreciate your bringing this matter to the attention of the committee members.

"Sincerely,

"Norman W. Sterling

"Minister."

I would ask that the copies be distributed to the members of the committee, and further, that you as Chair instruct the members or safeguard the accuracy of this in this sense, that members have repeatedly said that RFPs have been issued for the acquisition or purchase of video lotteries, which is not the case.

**The Chair:** Thank you, Mr Flaherty. The letter will be filed. I'm sure the opposition members are pleased that there was an answer to the question.

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**Mr Kormos:** Mr Chair, I have stated and will continue to state that senior ministerial officials have been quoted as saying that a request for proposal was issued. I appreciate and I thank Mr Flaherty for the letter from the minister but I think this warrants some inquiry. I ask the government members, and they control this, to ensure that the minister appears here to determine how this — the fact is undisputable that a senior ministry official is quoted as saying that an RFP was issued. I appreciate that

the minister says no, but once again, somebody wasn't telling the truth and I think it's imperative that we get to the bottom of this. I would ask Mr Flaherty to arrange for Mr Sterling to appear before this committee so that we can question Mr Sterling about that very matter.

**The Chair:** Thank you, Mr Kormos.

## OUTSIDERS ROADHOUSE ASSOCIATION

**The Chair:** Our next presentation is from the Outsiders Roadhouse Association, Mr Endemann, would you please proceed.

**Mr Harry Endemann:** Mr Chairman, members of the committee, my name is Harry Endemann. I am the general manager of Outsiders Roadhouse. We are a small family operation. We're an approximately 150-seat restaurant-bar located directly on a highway in rural Ontario, in an place called New Hamburg, which is roughly halfway between Kitchener and Stratford, so we are, as I stated, a small operation. The reason I'm here is that I represent the view of a restaurant owner as a single operation. Trafficwise, we draw from the local area and we also draw some highway traffic trade because we are directly on Highways 7 and 8.

One of our concerns as a single operation is with the grey machines that are out there currently. Approximately two years ago we had a gentleman come into our establishment. He said: "We've got a new video machine. Put it in your place and see how it works." He brought it in, put it in, and after it was installed he said, "Oh, by the way, if you would like to make a large amount of money per week, this is what you do," and explained how to use this video machine as an illegal gambling machine, which we did not do. A friend of ours being on the OPP, we spoke to him and said: "Look, this is one of those grey machines. We can use it as an illegal machine, but we won't." The machine continued to stay there for approximately a month. After that period of time the man said, "It's not making enough money, so we have to pull it out."

The sad part is, if I want a grey machine I can get one; I can have one sitting anywhere this afternoon. The thing is, the machine itself is not illegal; it's once the operator takes the machine and uses it as an illegal gambling machine.

What we're afraid of is that if VLTs are not done equally across the board — to the restaurateur, to the hotel industry, to the racetracks, to all the groups to make it a level playing field — you're going to find that some operators will get more of these machines in and will actually use them as illegal machines.

One other factor we're looking at is job creation. With the advent of VLTs in our establishment, naturally we would extend our hours to give people access to them. What we'd be looking at in our own establishment is anywhere from two to four more people. As more people come in, maybe they'll only stay 20 minutes, half an hour, but they're going to come in, they're going to play a little bit of the VLT and they're going to want something to drink, be it alcoholic or non-alcoholic, be it bottled water, a can of pop or a beer. Perhaps they'll want something to eat, a small snack, or they might



decide they're going to come out and have a meal. What we're trying to do is just get that person to come out maybe once or twice more a month than they used to.

We look towards VLTs as an entertainment factor. Over the past two and a half years we've changed from what we were into more of an entertainment facility as a restaurant-bar. We've brought in pool tables. It allows couples to come in, people to come in in the afternoon who might want to play two or three games of pool. That's all they're there for. They'll play two or three games, they'll have a beer and they might have a small snack. It draws people in.

We're not competing against the restaurant or bar down the street. What we're competing against is the fact that people are staying home who have decided: "I don't want to go out. There's nothing new to do out there." What we can do with this is say, rather: "Come on out and spend 20 minutes, half an hour. Play the VLT. If you win something, great. If you don't, that's fine too, but it's up to you to decide whether or not you want to use it." Doing it across the board will make it quite easy.

To take one step back again with the grey machines, instead of the money going into the pockets of operators of grey machines, why not get the money into public coffers? That way it can be used to help further different programs and also help reduce the deficit of the province. Why not have it so that the money can be used legally instead of illegally?

I realize this was a very short presentation. If you have any questions, please feel free to ask. Thank you.

**Mr Kormos:** I understand why you, like so many others who have come here, would want a machine or several machines. It was interesting, a participant in northern Ontario indicated his estimate that seven machines in his bar-tavern-dining room would generate \$80,000 a year for his cut, his piece of the action. He based that on the experience of, I believe, a relative in Alberta who had a similar setup and that's what seven machines produced, for his brother, I think it was, or brother-in-law. Those numbers are consistent with some of the information we got this morning. That's not a small amount of money, so I understand that.

Mind you, the racetracks say they don't think hotel-motel people can be trusted to run the machines as well as they can. The hotel-motel association, by and large, tends to suggest they don't think that little operators like you — and again, where I come from, we're chock-full of them — can be trusted to do it, because nobody wants to give; nobody wants to share.

You talked about these grey machines. You're not quite as old as I am, but heck, back downstairs in Nero's pool hall you can get paid off on a pinball machine — this is pre-video games — at the right time in the right place. I'm sorry, but this is not a novel experience. This is as old as any other number of professions which predate our generation in this decade.

Let me tell you what the anti-rackets says here in Ontario, and I wish the government would listen. An internal police report prepared for the Criminal Intelligence Service Ontario reads, "Until the government provides meaningful enforcement, illegal gambling and gaming will continue under a façade of honesty and integrity."

The police complain that they're at a disadvantage for two reasons: (1) the Criminal Code gaming section is antiquated — it is an old section of the Criminal Code; and (2) — they call it "manpower" — manpower is insufficient.

**1350**

If I've got an illegal machine, I don't have to share with anybody, I don't have to piece off the government, I don't have to pay out the portion to charitable institutions; I get to keep it all. There's still going to be an incentive to have illegal machines even if there are 20,000 legal slots, because the profits are there.

The police are saying they need the resources to clamp down on these. This is consistent with what the OPP anti-rackets told the government a couple of months ago, that legalizing slots — and, again, that's a separate argument; and you know where I stand on that — is not going to address the issue of illegal machines. Do you agree with the CISO report and with the OPP anti-rackets squad?

**Mr Endemann:** You also have to look who the operator is and what they will do. There will be operators who will still run those grey machines; there's nothing you can do about that. What you have to do with the combination of the gambling and liquor licence is use that to the advantage of the government.

**Mr Guzzo:** Thank you for your presentation and thank you for the personalized aspects of it. I want to make it clear that I'm not asking you for names or the identification of people, but when you're offered a grey machine in your area of the province, I really would like to know where you believe the profits from that machine would end up. Not the name of the person, but would it be within the province of Ontario, would it be outside the province of Ontario? Do you have any idea?

**Mr Endemann:** This particular gentleman left us a business card, which we've since gotten rid of, but I believe Montreal is where this particular organization was based out of.

**Mr Guzzo:** You see, where I come from, in the eastern part of the province, all the money from the grey machines goes to Montreal, and if they bother to pay tax on it, that tax is paid to the province of Quebec and goes to a Premier who is destined to break up this country.

**Mr Kormos:** He's a former Progressive Conservative.

**Mr Guzzo:** No, he started as a Liberal and he's going to get around to your party very soon. I know if you had been elected leader, you'd close the door right now. You wouldn't let him in.

**Mr Kormos:** He's still a Tory; he's just a separatist Tory now.

**Mr Guzzo:** He speaks highly of you, Peter, and I tell you right now that —

**Mr Kormos:** If his economic policies are anything like yours —

**Mr Guzzo:** Is he taking my time, by any chance?

**The Chair:** Yes, he's trying to.

**Mr Guzzo:** I want to tell you that when we were in the north — and quite frankly I had never seen as many grey machines per capita as I did in the north — we had an indication that the profits were going outside the province also, to a foreign country. Here in Toronto it

seems, when you inquire, that the Buffalo market seems to be supplying them here; I underline that.

The other thing is that I assure you that there will be amendments introduced to make it an offence to even have one of those machines, as it is in Alberta. With that changed, it will be much easier to enforce, and we will enforce.

The other thing I would like to ask in terms of the grey machines in your area is, do they in fact ever pay off? Some of them in the Ottawa area, people haven't seen a winner since New York was a prairie. Quite frankly, nobody has any idea as to what percentage goes back to the player.

**Mr Kormos:** If they never pay off, they're not illegal.

**Mr Endemann:** The way the gentleman explained this particular machine is, the machine was called a Cherry Master, and the way he described it to us is that you use the machine, people play the machine. A dollar gets you 10 credits. As the people play, when they get an equal number of either 100, 200, 300, any denomination of an equal 100 points, you would go to the bartender, the waiter, whoever —

**Mr Guzzo:** Yes, but that's not my question. I know how it works, but I want to know how often it pays off. Is it programmed to pay back 92% of the money that's bet, 88%?

**Mr Endemann:** That I have no idea, sir.

**Mr Crozier:** Good afternoon, sir. When you brought pool tables and other kinds of attractions to your establishment, did it increase the number of patrons?

**Mr Endemann:** Yes, it did.

**Mr Crozier:** Has that been sustained?

**Mr Endemann:** Yes, it has.

**Mr Crozier:** Notwithstanding the fact that perhaps the neighbouring bar saw how well you were doing and said, "Gee, maybe I better put in some pool tables?"

**Mr Endemann:** Actually, they already had pool tables. We're not drawing from their clientele; we're drawing from — you see, the neighbouring bars are downtown. They're a good mile and a half away, so they draw from directly in town. We draw a little bit of trade from in town. Most of ours comes from out of town because we are in the country.

**Mr Crozier:** At least you increased the entertainment value that was available in your establishment.

**Mr Endemann:** Yes.

**Mr Crozier:** If we are to believe that these devices are entertaining, why wouldn't you have taken up the promotion of the fellow from Montreal who could supply you with machines, not pay them off, as Mr Guzzo has suggested, and just use them as entertainment? They wouldn't be illegal.

**Mr Endemann:** I would prefer not even having those machines in our establishment.

**Mr Crozier:** Why is that?

**Mr Endemann:** Why bother having a grey machine in there of which someone says, "Oh, you're using it as an illegal gambling machine." We won't even have it in the place.

**Mr Crozier:** No, it's not a grey machine we're talking about. We're talking about a game you play, a video game.

**Mr Endemann:** We had it in there, but he claimed that it wasn't making enough money so he pulled it out.

**Mr Crozier:** Oh, okay. Then you wouldn't buy one on your own? You wouldn't invest any money in it?

**Mr Endemann:** No.

**Mr Crozier:** Your circumstances may be a little different because you're separated from other establishments, but when every establishment gets its own complement of video lottery terminals, how do you think that's going to make your establishment any more attractive to go to than the one next door?

**Mr Endemann:** What it's going to do is bring the people who are staying home out maybe once or twice more a month. As I stated, we're not competing against the bar down the street; what we're competing with is the fact that more people are now staying home.

**Mr Crozier:** Why are they staying home?

**Mr Endemann:** That I don't know.

**Mr Crozier:** Could they be staying home because they don't have the money to spend in restaurants and bars that they used to have because of their economic uncertainty, because they're not certain about their job, because they pay more user fees in the municipality than they used to?

**Mr Endemann:** That I wouldn't know.

**Mr Crozier:** That's what we're trying to get at. I'm trying to get at what's so magic about these VLTs that's going to get them to come to your establishment as opposed to anyone else's? What's going to draw them out of their home? What we seem to think it could be to some extent is their addictiveness.

**Mr Endemann:** Actually, what I was looking at was their entertainment value.

**Mr Crozier:** Ah, then I'm back to entertainment. If it's entertainment, if it's fun to play, why bother losing money on it? Why not just play it?

**Mr Ron Johnson (Brantford):** Because the gambling is part of the entertainment.

**Mr Crozier:** Now we're getting to it: The gambling is the entertainment, not the VLT.

**Mr Endemann:** To give you an idea, we also have from the Ontario Lottery Corp itself one of their scratch-and-win machines; it dispenses scratch tickets. People might spend \$2 or \$3 on it; they might stay an extra 10, 15 minutes. What'll happen is that they might stay a little longer, and as I said, some people come in just to scratch a couple of tickets and have a drink. It increases the entertainment value.

**Mr Crozier:** Would you expect that the employees of your establishment, as they are in casinos and at race-tracks, should be licensed?

**Mr Endemann:** I hadn't even addressed that concern.

**Mr Crozier:** If you had a moment to think about it, what would you think?

**Mr Endemann:** I see nothing wrong with it.

**Mr Crozier:** They should be licensed?

**Mr Endemann:** They should go through some training procedure, as with the prior server intervention program or now with the new program.

**Mr Crozier:** I've seen what the prior server intervention program has done. It may enable you to recognize a drunk, but they sure still serve them. I think they should be licensed.



**Mr Endemann:** That depends on the establishment, again.

**Mr Crozier:** Yes, you're absolutely right.

**The Chair:** Thank you very much, sir, for your attendance here today.

1400

#### KAWARTHA DOWNS RACEWAY

**The Chair:** Our next presentation will be by the Kawartha Downs Raceway, Mr David Wood, director of administration. Mr Wood, welcome. Was the drive from your location pleasant this morning?

**Mr David Wood:** I was able to make it from Peterborough to downtown in an hour and a half. That's the first time in a long time.

Mr Chair and committee members, Kawartha Downs Raceway appreciates the opportunity to appear before this committee. Kawartha Downs, its employees and the horse people of our district support Bill 75, in specific the introduction of VLTs into racetracks.

In appreciation of this committee's time, I will not repeat all the issues and concerns we have heard, as they were discussed quite well, I might add, by Mr Hall and Ms Holmes earlier today. We support their presentation in its entirety.

Kawartha Downs does have certain concerns as they relate to any potential cannibalization at our racetrack and would like to see some kind of review of this some time in the near future. Another concern we have currently is the number of grey VLTs that are both in our immediate community and in our trading area, if you will. This bill, the way I've read it, will certainly address those concerns.

I echo Mr Hall's concerns relating to introducing VLTs at racetracks. The extremely high levels of regulation by both provincial and federal governments currently in place would certainly present the right climate and atmosphere as well as perception that all matters concerning implementation would be in the right and proper manner to all concerned.

We have spoken briefly with a few charities in our area regarding a possible permanent charity events hall. This would truly make Kawartha Downs a total gaming entertainment facility.

In closing, the introduction of VLTs into Kawartha Downs Raceway would enhance our ability to be open for business more days of the year, which in return would allow for more employment opportunities for both our employees as well as the many horse people in our district. I could go on, but I echo OHRIA's views and I feel that it's time-consuming to rehash them. I thank you for your time.

**Mr Flaherty:** Nice to see you this afternoon. We had the quarter horse people with Picov Downs in Ajax here today. My riding, Whitby, is not that far from Kawartha Downs and I must say I've had the pleasure of visiting Kawartha Downs. How's it going this year? How's this season?

**Mr David Wood:** Our live handle is down, I think a lot like most racetracks in the province right now. The introduction of intertrack wagering has certainly helped

us. We, along with all racetracks, are biting at the bit for the new provincial regulations concerning takeout rates being implemented. I think it will greatly help Kawartha Downs, all racetracks and horsemen.

**Mr Guzzo:** Sir, how many nights are you racing live now?

**Mr David Wood:** We race 50 days live.

**Mr Guzzo:** How many horses are stabled on your grounds today, approximately?

**Mr David Wood:** We do not stable horses on the grounds. We allow horsemen to ship in on race nights. They practise daily on our track.

**Mr Guzzo:** They ship in to train on your track as well?

**Mr David Wood:** Yes.

**Mr Guzzo:** A typical 10-race card would require approximately 80 horses?

**Mr David Wood:** That's correct.

**Mr Guzzo:** The individuals train on the farm and ship in?

**Mr David Wood:** They train on the farm and they also take advantage of our 5/8-mile track to actually train on off days.

**Mr Guzzo:** Where are those horses stabled?

**Mr David Wood:** They're stabled at local farms in the Peterborough area.

**Mr Guzzo:** In rural Ontario, and they hire people from the local communities to groom and care for those horses.

**Mr David Wood:** Correct.

**Mr Guzzo:** From your observations, over the years, of the people doing that type of work, are these people who could conveniently move into other jobs if this industry were to be allowed to drop?

**Mr David Wood:** Traditionally, from what I've seen, I don't think very easily.

**Mr Ford:** Good afternoon, sir. With the introduction of video lotteries in the racetrack, what kind of job appreciation would you see there?

**Mr David Wood:** Naturally, if our facility is open more than 50 days a year vis-à-vis perhaps year-round, there has to be certain security, maintenance, as well as technical jobs that probably would be available, administrative.

**Mr Ford:** Do you have any idea of approximately the number you're doing with the volume? I guess it's very hard to tell.

**Mr David Wood:** It's hard to tell because of numbers — I would suggest that it could be in the 10 to 20 range.

**Mr Ford:** That's the whole season?

**Mr David Wood:** In addition to the current employees we already have.

**Mr Hudak:** I have a question I asked another racing group. I'm trying to understand how VLTs will fit into the racetrack. Are you going to be catering to two different markets? Are you going to have a bunch of people who come in just to play the VLTs and are chained to the machines like a bunch of zombies, as has been alleged by opposition members, that they play VLTs and that's all they do, that they don't spend their money anywhere else? Or are you going to be bringing in more customers who are going to play both the VLTs and the

track? Do you see yourself as two separate entities or are you going to be a much better destination?

**Mr David Wood:** I would think there are naturally going to be some people who want to play that but it is my perception, and the reason we would like to continue, that there will be a cross in patronage, as we saw with intertrack wagering in our facility.

**Mr Hudak:** This is an observation I have. I don't mean to stereotype some of the racing fans. I used to work at the border and some of them come across at the time. Some people refer to them as the greying market, the race fans, at least a lot who came across from the States from the Fort Erie Race Track. Do you think this will help you bring in some new customers and educate them in how horse racing works so they can enjoy the entertainment of a good horse race?

**Mr David Wood:** I absolutely believe that.

**Mr Crozier:** Good afternoon, sir. You mentioned just a few minutes ago that your handle was down.

**Mr David Wood:** Our live handle, yes.

**Mr Crozier:** What's the reason for that, do you think?

**Mr David Wood:** My obvious perception is perhaps — we all say the economy. We are now in competition with a lot more gaming games in the industry as we know it today. We have to compete like everybody else.

**Mr Crozier:** Sure. When the government allows up to 50 permanent charitable casinos in the province, do you think that will further erode your handle?

**Mr David Wood:** It's something I haven't given consideration to at this point.

**Mr Crozier:** What would be your first thought? Would it concern you?

**Mr David Wood:** Obviously I'd have a concern. I would like to be one of those.

**Mr Crozier:** Yes, that's right. You've mentioned that. When they go further and put in phase 3 with, I suggest, a minimum of — they don't want to treat you like a major racetrack, probably, so you wouldn't get as fair a treatment as the big guys would.

**Mr David Wood:** I think it's relative.

**Mr Crozier:** Yes. After those, there are about 12,000 or 13,000 VLTs left that they're somehow going to try to distribute among 15,000 licensed establishments. Do you think that's competition that might further erode your handle?

**Mr David Wood:** I would be naïve to say no. I believe that would enter into it.

**Mr Crozier:** You've already said you're concerned about the cannibalization, what it might do to your current handle, if you put VLTs in as well.

**Mr David Wood:** I'm willing to try and introduce our product to a greater segment of the population and address it in the near future and make our own decision: Is it viable or not? I believe it is or I would not be sitting here today.

**Mr Crozier:** What's the comparison in, let's say, your net revenue if people were to bet in the offtrack area of your facility or live or the VLT? Which will be the most profitable of the three?

**Mr David Wood:** Obviously our live portion.

**Mr Crozier:** Why would you then want to have VLTs come into your facility and cannibalize the live portion?

**Mr David Wood:** I'd like to bring more patrons into my facility and show them what a world-class product we can provide them.

**Mr Crozier:** But we've just discussed that you've got a concern that they're going to charitable casinos. Maybe they'll stop at the bar or restaurant on the way to your facility. Is it your position that you would prefer to have them only at racetracks, where it's a controlled environment and you already have the facility to control them?

**Mr David Wood:** I would say yes to that but I have more to offer than the other industry. I would like to become a total package where they can come and watch everything.

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**Mr Crozier:** So you're not totally convinced that these slot machines should go into all the licensed establishments in the province?

**Mr David Wood:** I don't know whether I have an opinion on that at this point in time.

**Mr Crozier:** You're in the business. You're going to have to have an opinion somewhere along the way. Otherwise you won't be any influence on the government.

**Mr David Wood:** It's easy to sit here and say, "No, I'd like to have it at the racetrack and only the racetrack," but unfortunately I don't have the ability to make that decision.

**Mr Crozier:** No, you can say anything you want.

**Mr David Wood:** That's my view, that's what I'd like to see, sure.

**Mr Crozier:** Quite the contrary. That's why we have you folks come before us, because we want to know what it is you think and how you feel about this particular policy, the direction the government's going in. If you don't believe in some part of it, then you should help us understand that.

**Mr David Wood:** I would say then that I would like to see it at racetracks only, and the charitable events.

**Mr Kormos:** Other representatives of your sister tracks have said much the same thing, with great candour. Everybody here understands that. You were here when the gentleman from Outsiders Roadhouse earlier talked about how a slot or two was going to mean a boost in the arm, a shot in the arm, hopefully; it's an untried experiment for his restaurant-tavern, his roadhouse. I appreciate your very candid response about your wanting slots so you can attract more people who may not have been horse race people before, because if they were horse race people, they already would have been inclined to go to your or another track. Fair enough?

**Mr David Wood:** Correct.

**Mr Kormos:** Again, there's no big secret about it. Heck, we were here last week and one fellow from the race horse association — Jeez, to get him to concede that gambling is how the racetrack made its money, you would have thought I was asking him to confess to an axe murder. It was a rhetorical question. We understand that; that's how the racetrack makes money, right?

**Mr David Wood:** In portion.

**Mr Kormos:** I know there's admissions and there's food and beverage sales. Then a fellow from the Jockey Club was much straighter, saying the food and beverage



sales and the admission at the end of the day aren't what it's all about, it's the handle, right?

**Mr David Wood:** They all are part and parcel.

**Mr Kormos:** It's the gross amount bet that's the important number. What you seem to be suggesting is that if there are slots, there are going to be more people introduced to horse race gambling.

**Mr David Wood:** It can't help but rub off.

**Mr Kormos:** That's consistent. You know, there are very few secrets, really, about all of this, because through the course of a week and a half now some of us have been trying to suggest to others that any expanded forms of gambling, expanded legalization of gambling is going to increase the number of people who gamble. That's not a difficult proposition, is it?

**Mr Flaherty:** That doesn't follow.

**Mr David Wood:** Are you asking me my view on that?

**Mr Kormos:** Yes.

**Mr Flaherty:** You don't have to answer.

**Mr Kormos:** You see, you've had these little caveats thrown in, because you know the problem is —

**Mr David Wood:** I guess I'd better.

**Mr Kormos:** That's right, go ahead. That's okay, because again, the silence speaks volumes, because you see, that's what every researcher across North America has had to say, including Goodman in the United States in 1994. There's nothing to be ashamed of here.

**Mr Flaherty:** There's the American research; always the American research.

**Mr Crozier:** There is no Canadian research.

**Mr Flaherty:** Oh, yes there is. You should have read it by now.

**Mr Kormos:** The research says that increased types of gambling increase the number of people who gamble and the amount of money that's gambled. You don't have to be a rocket scientist and there's nothing to be ashamed of.

**Mr David Wood:** I'm not ashamed.

**Mr Kormos:** That's right; I'm sure you're not ashamed. Gambling is a big industry in the United States and is becoming one here in Canada.

Do you have concerns about the fact that research among adolescents in 1995 at the University of Windsor indicates that as compared to the figures which range anywhere from 0.42% for the current adult population as pathological gamblers all the way to 9.1% for the province of Alberta —

**Mr Flaherty:** That's nonsense. Not pathological. It's just not so.

**Mr Kormos:** These people, when you hit a nerve, they want Novocaine administered. I'm just reading what the research says. There's a whole variety of — I give the lowballs too. I'll acknowledge one research story that says 0.42% and I'll acknowledge that another says 9.1%.

In any event, are you concerned about the fact that the University of Windsor indicates that in 1995 among adolescents 17%, approximately half of whom are already confirmed pathological gamblers and the others at high risk — grossly out of sync with the anywhere from 0.42% to 9.1% in the current research — are you concerned that there seems to be an upsurge in proclivity for gambling addiction among adolescents?

**Mr David Wood:** I'm afraid you have me at a disadvantage; I'm not familiar with those statistics.

**Mr Kormos:** I just told you what the statistics were.

**Mr David Wood:** I'd have to take you at your word that this is what they are.

**Mr Kormos:** It's Frisch, University of Windsor, who did the study there among adolescents. It's Goodman, 1994, in the United States, who did the research on availability of gambling. I tried to give my friends a bibliography of reading material last week, but with all the hooting and hollering it was impossible.

Would that concern you if indeed the research showed 17% of adolescents are either pathological gamblers or at high risk?

**The Chair:** Thank you, Mr Kormos. We must move on. Mr Wood, thank you for your presentation and attendance here today.

#### BILLY D'S NIGHT CLUB AND EATERY

**The Chair:** Our next presenter is Billy D's Night Club and Eatery, Ms Schweitzer.

**Mrs Eke Schweitzer:** Good afternoon, ladies and gentlemen. I'd first like to take this opportunity to introduce myself. My name is Eke Schweitzer. This is Kim Adderley. We are managers of a small nightclub and restaurant-eatery in Simcoe, Ontario. We are not politicians, we are not public speakers and I'm nervous.

We're here to discuss with you today Bill 75. We understand that on this committee there will be a chair and a commission and that there will be a minister and a registrar. We agree that these positions should be approved and that trusted, honest, responsible persons should hold these positions.

We are of the position that we would like to see Bill 75 passed. It is a proven fact by research and the great success that charity fund-raisers within our province have had that it is a very viable, positive way to raise money for the communities and in this case for the government, so we don't have to implement new forms of taxes.

I understood Mr Kormos's comment where he was saying, "The bottom line is money," and part of that is true for us. I'm here today because if there is some money to be made, as small business people we would like to be involved in it. With our business, as the industry and the nature of the gaming institution is changing, we would like you to know we are interested in that.

On page 8 of the bill, the Liquor Licence Act, subsection (6.1), we are of the opinion that stronger enforcement and possibly stiffer penalties should be enforced. Detailed documentation should be kept by licensing boards to ensure that violators who have proven they are not licence holders do possibly not get the opportunity to get involved with VLTs and gaming. We would like to see stronger enforcement of this in the public interest.

One of the questions I would like to pose to you today is the government plan to police the enforcement of this act for violation. Because many restaurant and hotel licence holders now have house policies that do admit under-aged patrons to enter their establishment, strict measures need to be in force to ensure that minors are not permitted to be involved in any form of gaming. Our

argument for this to anyone in opposition is that any well-established licensed premises in Ontario now, their management and their staff are familiar with those rules.

We did unfortunately come in a little late, and a question was asked about someone being drunk in a tavern. There are restaurants within Ontario that don't follow the liquor licence regulations, so those same establishments may not follow the video and gaming regulations. With the government undertaking this, we feel, as owners, it's the government's responsibility to act on that and to enforce that. That is part of our argument to this.

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We accept only government-issue photo ID in our establishment at present from anyone who is of questionable age. We would expect that policy to continue through in the event that our restaurant or other licensed bars and establishments were allowed to have gaming. Anyone who has questionable ID — no government-issue ID — you don't get in. So for us, it's very cut and dried.

We would also like to see that contained facilities be set up in licensed establishments for the purpose of gaming and video terminals. Again, with these points, we repeat that part of the board's job, what we would like to see, is a screening of applicants and the enforcement of the act.

**Miss Kim Adderley:** Basically, what I want to talk about is that we feel it is basically a win-win situation for everybody going into the gaming or the VLT situation. For us, obviously, we feel it will be a draw into our bar. It will be another reason for people to stay, which obviously will increase our food and bar sales. The tips will go up, which is going to keep the waitresses and bartenders happy. And the charities are going to make money, which is definitely going to help to keep the economy rolling.

Some of the questions we have to ask, as a small operation, are about the implementation of the VLTs, the amount of money the bars themselves are going to have to put into that. We didn't want to be in a position where we're competing with a big Toronto hotel or something like that, that has millions of dollars to go into this. We didn't want it to be given out to the people who have big money only; we wanted to know if there would be some kind of government loans available to get smaller businesses up and running in this area. We don't want just the rich to get richer sort of idea.

We really feel our community will benefit from having the charity events going on and we feel the money should go back into our community. If the people in our community are supporting the VLTs, the money should go back into the community for parks or to send kids to camp, whatever the community is doing.

I think that's about it.

**The Chair:** Thank you very much. We have approximately five minutes per caucus and we'll start with Mr Crozier.

**Mr Crozier:** Welcome to the committee. Certainly you may be nervous, but don't necessarily feel nervous. We're only trying to find out how it is other people besides ourselves feel about video lottery terminals. Certainly we've heard from presenters before who are in the position that you're in, and you have valid reasons for

wanting to participate in this gravy train that is going to be established in the province of Ontario.

The bill itself says it's to regulate, and I think the term is — wait a minute, I don't want to get it wrong — “to fund charities through the responsible management of video lottery terminals.” Please understand that what I feel is that it's to fund government through video lottery terminals, because the government's going to take 70% of the revenue from these things and you're going to be left with a small part of it, albeit you're interested in your small part. So that's where we come from on this.

**Mrs Schweitzer:** You're saying the government's going to take 70%?

**Mr Crozier:** At least. Isn't that something?

**Mrs Schweitzer:** Well, 70% still gives the charities 25% and it still gets people coming in to our establishment for the entertainment, the food, the camaraderie. You guys have got to make —

**Mr Crozier:** Just so we understand —

*Interjections.*

**Mr Crozier:** No, it only leaves charities 10% and you get 10% and there's 10% for what's called operating costs or something like that. I just want you to understand that's the way I feel. You've told us how you feel; that's the way I feel. If they were really concerned about charities and/or small business, you'd get a bigger chunk of the action.

You may have been here when I was asking a previous operator how they feel this is going to affect their business and you've perhaps heard some of the answers, so I'll try and ask them a little differently. I'll ask you different questions.

After the racetracks get their share of these video lottery terminals and the permanent casinos get their share, it's going to leave somewhat less than, let's say, 15,000 machines for you folks, which means even if they dole them out fairly to everyone, one apiece, you expressed some concern that you don't want to have to compete with the big guys with millions of dollars.

Well, let me tell you a fact of life that we should think about and that is when push comes to shove, if these are going to go in appropriate numbers to fewer establishments, you little guys are going to get screwed there too. Okay? They are going to go to the big guys.

What we're trying to find out is what's fair in this business and I just want you to be able to tell us what you think is fair. Since I've told you there's going to be less than one machine per licensed establishment in the province, what do you think might be fair for you to have as a minimum?

**Mrs Schweitzer:** As a responsible establishment that has never been in violation of liquor laws, has never had problems with the police, I think the bars and restaurants that do get the terminals should not have violations, should not have been written up by their liquor inspectors, should not have been closed down for two or three days because of serving reservation rye and serving minors or where the police go two, five, six times on a weekend and again, the liquor licence board has all of that information.

Part of the reason we came, sir, too was because we are a small establishment. We figured this place would be



packed with the big hotels, the big casinos and we wanted our small voice to be heard.

**Mr Flaherty:** Good for you.

**Mrs Schweitzer:** If it's allocated that there's 15,000 machines and there's 15,000 bars in Ontario that qualify, each bar should get one machine.

**Mr Kormos:** I'm glad you're here because the hotel-motel association, they've had lobbyists working on this. They've made a half a dozen presentations. They had some sort of slick speech written for them that they've given in each and every city we've been in now and they're speaking for groups like Days Inn and Best Western, you know, big operations with a lot of rooms and a lot of tables.

Look, here you are and you don't have the big lobby group and I appreciate that. You might have been here when the owner of the Outsiders Roadhouse was here a little while ago, an operation up near the Kitchener-Stratford area.

**Mrs Schweitzer:** No, I apologize, we weren't, we got lost.

**Mr Kormos:** Again, a very similar type of operation, owner-operated bona fide small business. I've got to tell you, I am familiar with Simcoe because I'm down from Welland-Thorold, so I get back through here a whole lot of times. My grandparents were tobacco farmers out in Delhi, so I know Simcoe. Mind you, it's much bigger than it was when I was a kid travelling to visit grand-folks.

We had the liquor board employees' union here this morning, the people who work in the Liquor Licence Board of Ontario. You're right, they gave a number of 15,568 licensed premises here in the province of Ontario. I dare say, I bet you most of them are more like your operation than they are the big hotel-motel, big dining room-tavern operations. They've got a total of 33 inspectors for 15,000-plus licensed establishments and they expressed concern about the capacity of 33 inspectors — three investigators too, so 36 — and five managers. They expressed concerns about the ability of that small number to adequately police all these places. What's your view on that? Because I think you've got a good handle on the numbers and the size of your industry.

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**Mrs Schweitzer:** I didn't know if we'd be getting information or not, because that was one of our questions: How would the enforcement of this act be policed? I know what the liquor licence board does. They have inspectors who go around to the establishments. They also work on anonymous calls or people telling who it is that's calling to complain, and they'll act on it. So there are a number of ways it can be done.

**Mr Kormos:** The other thing that's been talked about of course are these grey machines. There are some, we're told, 15,000 to 25,000 machines. It's a little unclear whether they're actually currently being used as illegal slots. It's probably more likely there's 15,000 to 25,000 which have the capacity. In other words — and you're not unfamiliar with this. I'm not saying you've ever done it, but paying off on the points or the credits rung up by a player.

**Mrs Schweitzer:** We've heard of that, yes.

**Mr Kormos:** As I say, that goes back to the 1950s because there used to be more than the rare establishment that used to do it with scores on the old pinball machines — you don't remember those, but the old mechanical pinball machines. The police say that legalizing slots isn't going to get rid of the problem of the illegals. They say what they need is person power, police power out there to investigate these operations. The anti-rackets — I was just taking a look at it — has 11 people in the whole province to deal with illegal gambling, including the illegal slots.

And here you are. If you people — and listen to what Mr Crozier has to say. If you folks, as small business people, can manage to get to the head of the line in front of the big operators and get yourself one or two slots, and the guy down the road is operating an illegal slot, he gets to keep all the money, right? If we don't get cops out there, funding them to bust these operations — and they're not hard to bust. I've spoken with people who have been convicted. I've talked with the police who were involved in the investigations. They're not hard to bust, but unless we get funding out there — and this government hasn't made any commitment to that — for cops to bust the illegals, even when you've got a legal slot, if you manage to get one, you're still going to be at a disadvantage because the guy down the road gets to keep all this money, aren't you?

**Mrs Schweitzer:** I really don't think so, because if it's being government run and regulated, once everybody can have them, those illegals are done.

**Mr Kormos:** There's only 20,000 for the whole province, and when you've got an illegal, you get to keep all the money. There's still a big incentive. See, the fact that horse gambling is legal hasn't eliminated bookies.

**Mrs Schweitzer:** That's true, yes. It's difficult for me to look at it in those terms because I don't think in those terms.

**Mr Kormos:** Good luck to you. Have a safe trip back home to Simcoe.

**Mr Flaherty:** With respect to liquor inspections in Ontario, what we've heard is that there are a little bit more than 15,000 premises and the spot checks done per year number approximately 7,000, so close to but not half are being spot-checked each year.

You mentioned the enforcement of the act. Bill 75 is particularly new in this sense, and that is that it puts gaming with alcohol. So the LLBO, the regulator of the liquor business in Ontario, is going to be combined with the gaming commission to create something called the Alcohol and Gaming Commission.

Why that is significant when we're talking about video lotteries and licensed premises is that the situation will become this: If a licensed premise in Ontario has a video lottery machine, or more than one, and if they violate the law — Bill 75 provides not only that someone under the age of 19 can't play the machine, but they can't even be in the area where the machine is in the licensed premise — then the proprietor of that business would not only be exposed to the fines under Bill 75, which are very substantial, but also will be exposed to losing their liquor licence. We know from experience elsewhere — and we can certainly learn from experience elsewhere and this

government is anxious to and has been learning from experience elsewhere in Canada, because there are eight other provinces with video lotteries — this is a very powerful tool. Would you agree, as a proprietor of such a business, that that is a big hammer?

**Mrs Schweitzer:** I definitely would agree. We would. In our bar, we've got a counter. You get 190 people in, that's it, nobody else. So we know about following the rules and the regulations already.

**Mr Klees:** I also want to thank you for taking the initiative to be here today and I assure you this is not an intimidating place; that's only the bricks and mortar. We are here to learn, and you've shared some very important information with us already.

We share your concern about the issue of enforcement. Quite frankly, a suggestion was made earlier by one of the committee members that enforcement is difficult or perhaps won't happen. The analogy was used that some waitresses or some establishments don't enforce, for example, the regulation on continuing to serve people who are inebriated.

I share your concern, because what I think I heard you say is, "Don't mix us in with the minority of tavern owners or people who don't enforce those regulations." I also hear you appeal to the government to put in place strict enforcement so that the bad players in your industry get dealt with in an appropriate way. Certainly what we don't want to do is reduce everything to the lowest common denominator. Just because there are bad players in the industry doesn't mean we should be creating legislation or introducing policies that reduce themselves to that lowest common denominator. So I appreciate that input.

Something else you indicated, and I appreciate your straightforwardness on that, is that you are interested in the bottom line. As a business owner you have to be, and there's some sense around this table sometimes that there's something wrong with the fact that the government also is interested in the bottom line. We admit to you gladly that, yes, the government will be taking substantial revenue income as a result of the introduction of VLTs. That's not a lie and we're certainly not ashamed of that. The fact of the matter is we have a financial crisis in this province, and this will be a source of revenue. But we see this as a win-win introduction of a policy, that not only will the government be able to generate some revenue, but also the private sector will be able to generate some profit, and that's not a bad word on this side of the committee. It is perhaps on the other side. But we feel it's appropriate that you as business owners should have a profit. Third, the other win in this is that the charities, through the introduction of video lotteries, will also benefit substantially to the tune of some \$180 million more than previously.

So we see it as a win-win-win scenario. We're not hiding the fact that gaming is very much part of the entertainment value and, again, for the record, we're not suggesting that gaming doesn't create part of the enthusiasm for the entertainment. It's all part of the package. But we do believe that in the final analysis, controlled properly, enforced strictly, working with a mature industry, this can benefit the province. I think I hear you saying that and that you're in agreement with that.

**Mrs Schweitzer:** We are.

**The Chair:** I thank you very much for your presentation, and a safe journey in your long trip home.

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#### DELTA TORONTO AIRPORT HOTEL

**The Chair:** Our next presenter, we were advised early this morning, Mr Fernandez, was unable to attend. In his stead we have the Delta Toronto Airport Hotel, Mr Stuart Jolliffe, general manager. Welcome, sir. You have 20 minutes to make a presentation and answer questions. Please proceed.

**Mr Stuart Jolliffe:** Thank you, Mr Chairman. On the presenters before us, I guess I go into the category of that fat-cat, multimillion-dollar hotelier. If I do nothing else this afternoon, hopefully I'll at least clarify that myth.

**Mr Klees:** Mr Kormos said that.

**Mr Jolliffe:** Yes. Unfortunately, he's left the room.

My name is Stuart Jolliffe. I'm the general manager of the Delta Toronto Airport Hotel. I want to thank you and your committee members for the opportunity to appear before you today.

I want to begin today by stating up front that I'm very supportive of Bill 75 as it relates to video lottery terminals and urge the government to implement them into the hospitality sector as soon as possible. We as an industry are in serious economic crisis, and I can tell you from a personal perspective the urgency of the situation.

The hospitality industry has been locked in a severe recession for some time. Food and beverage sales, according to a Price Waterhouse industry survey, are off 29.5% and 47.6% respectively. Our own numbers mirror these dramatic declines. I don't believe I have to remind you what they mean towards profitability. My hotel, for the past five years, shows a bottom-line loss of \$3.7 million even before capital costs in excess of \$1 million during that same time frame. So as not to leave the committee with the wrong impression, the Delta Toronto Airport Hotel would be considered a mid-sized operation of 250 rooms on the airport strip. Furthermore, to re-emphasize that loss, we would be considered one of the more successful hotels on the airport strip.

The Minister of Finance, in his budget of May 8, said the government was going to allow VLTs to help our industry. Specifically, he said, "We believe that VLTs, if implemented within tight regulatory controls and in limited-access environments, can meet a legitimate entertainment demand and provide a significant stimulus to the hospitality industry."

The public wants and enjoys this new form of entertainment. How do I know? By talking to my customers. I want to stress they view VLTs as recreation, something to do as part of an evening out.

It is also unfair and difficult at best to expect me to try and compete with the illegal machines that are literally all over the place. I know they're supposed to be just for amusement, but I also know this is not the case.

From the government perspective, delaying the implementation to our industry will mean the government will not be able to start receiving over \$500 million annually from machines allocated to our sector. Conversely, it



means that illegal untaxed revenues from the grey machines will continue to remain in the underground economy.

I've spoken with our sister hotel in Manitoba about their experience with VLTs and they have nothing but positive results both from customers and financially. The 13 machines they have in their hotel lounge will generate over \$850,000 in revenue this year, with the hotel's portion enabling them to embark on a modest capital upgrade to their property that simply would not have happened otherwise. This upgrade safeguards some degree of occupancy and definitely keeps people employed.

From a businessperson's perspective, a delay could very well result in having an initiative that the government intended to help the hospitality industry hurt it. The reason is that during the first stage of implementation, to racetracks and charity casinos, it will create business dislocation. Customers will gravitate to where they can legally play VLTs. We cannot afford to lose any more customers, even for a short period of time. As well, who knows when or how often those customers will return, if at all? Given our location on the airport strip and the relative short distance to Woodbine, this is an important issue facing us.

VLTs will also have an important positive impact on our ability to attract customers from other jurisdictions. Inasmuch as gaming has become an acceptable mainstream activity, tourists and conventioners look at the total package that is available in the marketplace before deciding where they will visit. I can tell you it's very tough out there in the market today. Ontario is continuing to lose market share. For example, US travel has dropped 18.25% from 1986 to 1995; international travel is down as well. In our specific marketplace at the airport, business is down over 5% from 1995. It will give us an important product to offer our customers and a product they are definitely willing to buy.

Ontario has already a full selection of legal and illegal gambling opportunities. I have already referenced some of the illegal opportunities this measure will help to control, but one does not have to go any further than your corner store or bingo hall to find a gambling opportunity. However, just as with the consumption of alcohol, the vast majority of players gamble in moderation and experience no significant gambling problems.

With all the existing forms of gaming today — lotteries, sports pools, bingo, horse racing, casinos, break-open tickets — the introduction of a new brand of gaming, video gaming, will not significantly increase the potential for compulsive or problem gaming in Ontario.

I am aware of some of the information already presented to you. This includes research showing that less than 2% of the population are potential compulsive gamblers and another 3% to 5% may experience some problems. I want to congratulate the government on allocating funds to deal with this problem. The problem is already here, and it is important that something is done to deal with it. We know Prohibition did not work in stopping the sale of alcohol, nor will ignoring the fact that the public wants to use VLTs.

I am also aware that Tibor Barsony, executive director of the Canadian Foundation on Compulsive Gambling,

has said; "Prohibition is not the answer, education and treatment is."

On behalf of myself, the employees I still have and those I would love to be able to re-employ, I urge you and your committee to recommend to the government quick passage of Bill 75. I would also suggest that your recommendation include a request to move implementation on VLTs for our industry on to the fast track. Our situation is desperate. We've all been hoping the government would take this progressive step and we are grateful that it has. We need the stimulus of this new form of entertainment, we don't have time to speculate as to the outcome and positive results are there already, as amply demonstrated in Manitoba. Mr Chairman and committee members, thank you for your time.

**The Chair:** Thank you very much, Mr Jolliffe. Just for the researcher's purpose, you give two statistics on the front page. You don't say what time period that is for.

**Mr Jolliffe:** That was 1988 to 1994; it was the Price Waterhouse study.

**Mr Hudak:** I'll be very quick. I'm just going to anticipate Mr Crozier's question, if I could, and see a reply, and then maybe he'll have a new one. Would you like it — this is strictly hypothetical — if you were the only site of VLTs in Ontario?

**Interjection:** In the world.

**Mr Hudak:** In the world. That would be very profitable for your business, if they were only there.

**Mr Jolliffe:** Certainly.

**Mr Hudak:** Okay, so that's out of the way. Businesses would like a monopoly; they'd like to have them all at your place or any other place.

**Mr Jolliffe:** No question; it's about profit.

**Mr Hudak:** The government has different groups that would say the same thing. The tracks would want them at their site, the charity event sites, obviously the hotels and motels. But what we want to do is create a win-win-win situation, right? We help out the tracks, we help out the charities and we help out the hospitality sector. If we proceed with this in a measured, reasonable way, is it possible to create that win-win-win scenario?

**Mr Jolliffe:** I believe it is. Was your question specifically about how they were going to allocate the available machines or do I see VLTs as a win-win-win?

**Mr Hudak:** Exactly. This is an effective tool, from what I hear. Video lottery terminals have worked in a number of jurisdictions for all those industries. Is it possible to create a win-win-win scenario for those industries I spoke of?

**Mr Jolliffe:** I certainly believe so, yes.

**Mr Klees:** You're in the entertainment industry, the hospitality industry. You see a lot of people in the course of a year, I suppose. I find it interesting, as we've had these committee hearings, various sectors coming forward and saying that we shouldn't be introducing VLTs into this sector but this sector is okay and so on. One of the tensions that's in the marketplace is that there are those who have bingo halls, for example, and the break-open tickets, and they're saying that this shouldn't be extended into the general milieu, it should not go to licensed establishments, because it's going to harm their business. There's also the argument on the other hand about

addictiveness. In your opinion, what is the market focus that licensed establishments would have in terms of clientele? In your learned opinion, do you feel that it's a different stratum of clientele than would frequent bingo halls? I'd be interested in your opinion on that.

**Mr Jolliffe:** Within the confines of the structure that I manage, I have a 185-seat lounge with nine billiard tables right now, a dart area and seating for about 75 or 80. My current mix of clientele at the hotel is about 20% international, 25% US and 55% Canadian in terms of the people who occupy my rooms. They form about a 50% cross-section of all of the business I get in the bar. The balance is from local businesses, people after work, people going for an evening out. I don't necessarily see my customers as bingo players but more as business people travelling from various regions or, frankly, either local Etobicokans or local people from businesses within there who come by my establishment for a drink or for a meal.

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**Mr Crozier:** I want the record to note that Mr Hudak was wrong again. That was not the question I was going to ask.

Welcome, sir, now that we have that little bit out of the way. You quoted Tibor Barsony as saying, "Prohibition is not the answer but education is," so you must consider him to be somewhat of an authority.

**Mr Jolliffe:** I consider him to be quotable.

**Mr Crozier:** I'll rephrase my question. You don't consider him to be an authority? I mean, you quoted him.

**Mr Jolliffe:** I consider him to be quotable. Quite frankly, sir, I may quote you one day.

**Mr Crozier:** He's the Canadian Foundation on Compulsive Gambling.

**Mr Jolliffe:** He's certainly quotable. I don't know the man personally.

**Mr Crozier:** Okay. He also said that the VLT "is one of the most addictive forms of gambling: addictive because it's fast, addictive because it provides instant gratification and addictive because it's paced for the modern way of thinking of younger people."

In any event, you say there's a Price Waterhouse industry survey that says you're off 29.5% and 47.6% respectively in food and beverage sales. You may find that's even greater or less in your particular establishment, I suppose.

**Mr Jolliffe:** That's correct.

**Mr Crozier:** Yes. Why do you suppose that is?

**Mr Jolliffe:** I think that competition is fairly steep out there. There's no question that the decline during that time frame is from a recession point of view. Times are definitely tougher out there. I think people are staying home. I don't eat out as much as I used to.

**Mr Crozier:** Sure, but VLTs are going to make a difference?

**Mr Jolliffe:** VLTs are not going to save our industry. VLTs provide a legitimate option, just like my nine pool tables do, my five dartboards. Hopefully VLTs will provide yet another reason to say, "Honey, let's get a babysitter and go out for tonight."

**Mr Crozier:** Notwithstanding that the economy may prevent them from doing that. You see, I'm trying to get

a handle on what makes VLTs make the difference. If you have discretionary money, obviously it presents an option. If you're staying home because you can't afford to, God help us if VLTs are going to make us go out and spend money when we can't afford to. You know what I'm trying to get at?

**Mr Jolliffe:** Right now certainly the moneys that are spent by people in this province, and I won't question whether they can or can't afford to, on Pro Line and 6/49 and every other lottery that's going, I wouldn't mind seeing a little bit of that get displaced into a VLT in my establishment.

**Mr Crozier:** Yes. Or you wouldn't mind seeing it displaced into a product that creates some wealth, some good, that not only employs people but adds to the economy.

**Interjection:** And pays down the deficit.

**Mr Jolliffe:** Yes, absolutely.

**Mr Crozier:** I think we all would want that. You see, where I'm having difficulty is in determining to what extent it's going to make your business more viable. Presumably the bar next door is going to get its complement of VLTs, therefore the competitive field is levelled between the two of you. When you started out with your first remarks you alluded to how we perhaps had suggested that the bigger players, depending on degree, are going to benefit more from something like this. Do you agree with some of the previous presenters?

**The Chair:** I'm sorry, Mr Crozier, we have to move on.

**Mr Kormos:** I like that question. I don't know if you were here, but there was an owner of Outsiders Roadhouse from the Kitchener-Stratford area and presenters prior to you, Billy D's Nightclub. They're little operators and they're concerned about getting a piece of the action.

Before I pose it, you're going to get the slots, okay? There's no problem. The fix is in. It's a done deal. Norm Sterling issued a letter today saying that the request for proposal for the supply of the machines wasn't issued, but he contradicts one of his most senior staff at the Ministry of Consumer and Commercial Relations and it's those people, the bureaucrats, who do that stuff. Norm Sterling doesn't sit there filling these out. He contradicts one of the leading spokespeople, part of the political bureaucracy in the ministry, saying that yes, the RFPs went out. That was reported — when, August 5? — in a northern Ontario newspaper, a direct quote. So the fix is in.

How do you guarantee that the little operators all over Ontario get a couple too? There are only 20,000 slots.

**Mr Jolliffe:** From a business perspective — I recognize even sitting here that even though the fix may be in, I'm not guaranteed that I'm going to receive mine either — I would suggest that a formula needs to be created. This is about money and the ability of these machines to make money and that where they are going to make money for the government, for charity and for the establishment is probably where they should go.

**Mr Kormos:** I don't think anybody's going to quarrel with that. That's a given; that's axiomatic. I'm not a big fan of the Ontario Lottery Corp, and one of the reasons why is because it's become ultrabig business. The little



people who started OLC, before they even had the machines, when they were selling tickets out of envelopes, five bucks a package, those little mom-and-poppers — that's what they tended to be — built the Ontario Lottery Corp. Now they find themselves at the end of the list when it comes to getting a machine, when it comes to getting a franchise for selling because their volume isn't big enough. I think that's inherently unfair. Regardless of whether it's a Tory government, Liberal, New Democrat, what have you, surely the little business people have got to be guaranteed some piece of the action. I appreciate what you're saying about the need to generate revenues, but surely there are other factors that involve themselves too.

**Mr Jolliffe:** I think we've got to go forward with this thing and (1) not everybody is going to want one; (2) and I think to the people who presented before me, there are a number of people who from a licensing point of view don't deserve one; (3) after you've finished with that, decide on who wants one — I would look at a formula that would generate money because this is about money — and see where we're left at the end of that. This may work out. We may be arguing semantics here.

**Mr Kormos:** Again the hospitality industry, the hotel-motel industry: We were up in Thunder Bay, Kenora, and I've got to tell you there was an enthusiastic response by the hotel-motel owners who appeared in committee in those two locations, especially Kenora — a big summer influx of non-Kenorans. I understand the desire to participate in this, but if you're getting into the casino business, the gambling business, the gaming business, shouldn't there be some universality of regulation, be you the Windsor casino, a charity casino, a bingo hall, a race track or a hotel-motel, and that is to ensure that the ownership of these respective hosts pass the most stringent of requirements, that all of the staff pass the most stringent of requirements? Shouldn't they be the same universal rules across the board?

**The Chair:** Thank you, Mr Kormos. Our time has elapsed. Mr Jolliffe, I thank you very much for your presentation here today.

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### TOP TIER GAMES

**The Chair:** Our next presentation will be made by Top Tier Games, Bill Lapointe, general manager. Welcome, Mr Lapointe.

**Mr Bill Lapointe:** Good afternoon. Thank you, Mr Chairman and committee members, for this opportunity to talk on the bill. My name is Bill Lapointe and I'm here representing Top Tier Games and our position as a supplier of break-open tickets to all charities in Ontario and to speak on the effect of video lottery terminals and their unfair implementation on the break-open ticket industry and the charities involved in the use of break-open tickets as a source of fund-raising dollars in Ontario.

Approximately four years ago, the Gaming Services Act was passed to bring control and to help the charities in Ontario. It was specifically designed to allow for expanded use of break-open tickets and to control, licence and regulate their suppliers and users. Until this act,

break-open tickets in Ontario were limited to one specific payout and only a variety of symbols. Otherwise, all games were exactly the same. Additionally, no vending machines are allowed to be used by the charities, yet the province now wants to use video lottery terminals.

Four years later, after many promises to remove the restrictions on ticket counts, one additional count and a limited payout was just recently approved by the ministry, to take effect October 1, 1996. We then discovered this approval was only a replacement and the charities and suppliers are still stuck with only one new payout at third-party locations — still no variety in break-open ticket payouts or counts at this level.

Meanwhile, the spirit of the Gaming Services Act was observed on native land with the approval of non-standard break-open ticket standards. The approval of such variety of payouts and games for first nations is exactly what was promised to the charities of Ontario with the Gaming Services Act, but due to inside politics and stalling tactics, the charities are still waiting and still losing. Meanwhile, the Ontario lotteries are offering hundreds of payouts, games and themes on their instant scratch games and other paper-dispensed games.

Additional competition to deprive the charities of their fund-raising dollars through the sale of break-open tickets are full-scale casinos being licensed by the government, as well as plans now to implement the VLTs in Ontario, all of which puts the charities of Ontario at a distinct disadvantage when it comes to being able to compete.

We are all in the entertainment business, and the charities are being asked to compete for the same gaming dollar for their fund-raising purposes with antique methods of technology and equipment. The charities are destined to fail miserably. Today's technology in the sale of break-open tickets, which, by the way, is currently being used by most other gaming jurisdictions in North America, would allow the charities of Ontario to have the modern tools necessary to help them compete with no loss of security or integrity for their fund-raising dollars. It would allow them to compete and participate in the gaming business on a more level playing field than they are allowed to do today.

If the charities of Ontario are expected to survive, competing with Ontario Lottery Corp, casinos, first nations gaming and now video lottery terminals, they will need, at a minimum, authorization of the following:

(a) Immediate expanded ticket counts within the same limits and restrictions allowed under the non-standard break-open ticket standards. This would allow the charities to appeal to their players with a variety of payouts and game structures. It comes with no loss of security or integrity as all suppliers, games and manufacturing processes still have to be approved. There is simply no justification to limit a break-open ticket to one specific payout, as evidenced by the fact that Ontario is the only jurisdiction in North America where this is done.

(b) Allow charities to use vending machines and coin-operated break-open ticket dispensers. These devices are available by a variety of suppliers and are even designed to offer increased security and auditing capabilities. It is suggested that this technology should be embraced rather than ignored by the government.

I believe that no matter what we as suppliers to the charities do — and to think we can put a stop to video lottery terminals is to be very naïve. The government is going to initiate the use of VLTs anyhow. There's just too much revenue in VLTs for the government to turn it down.

The government says it has learned from mistakes of other provinces with the introduction of VLTs. My question is, have they? I for one have not seen any type of business plan or strategy on the effect of break-open tickets done by the government stating the facts and figures of the effect of VLTs, and any of the charities I've spoken to have not seen any such report either. Has the government addressed the charities and told them how many fund-raising dollars they are about to lose from their break-open ticket fund-raising campaigns? Has the government put on paper what the percentage points are equal to in dollars and cents with regard to the loss of fund-raising dollars through the sales of break-open tickets, or better still, has anyone in government seen a report like this?

The VLTs will no doubt, as they have in other provinces, hurt the break-open ticket business in Ontario; in some cases in the other provinces up to 60%. Once again, who does this hurt? The charities, especially the little charities who now rely on that \$20,000 or \$30,000 in fund-raising that they make each year to make things happen, along with their volunteers, in small-town Ontario.

If the government is going to be fair to the charities, the government must lift the restrictions placed on the charities. The government must allow the charities the same working tools that the Ontario lottery is presently operating with, that is, lift the restrictions on the break-open tickets, as I mentioned before, and allow coin-operated break-open dispensers.

It is all too common a mistake for governments to focus most of their attention on gaming enterprises such as lotteries, casinos and video lotteries that contribute significantly and directly to their revenue base, usually at the expense of the charitable gaming, which typically does not contribute directly but does contribute a great deal indirectly.

We must not lose sight of the reason charities were given the privilege to use gaming as a fund-raising mechanism in the first place. These charities provide a much-needed service to those that the government used to or should provide for and no longer can afford to do so.

I'd like to end by saying that the government should slow down with its introduction of video lotteries and at the same time provide plans and strategies to the charities; and more so, lift the break-open ticket restrictions and adopt the coin-operated dispensers and give the charities some tools to work with. These charities need these tools to compete against their biggest competitor, the Ontario Lottery Corp, which we know is the government. Once again, thank you for your time.

**The Vice-Chair:** Thank you, Mr Lapointe. We are going to move to questions. We're looking at about four minutes per caucus, starting with the Conservatives.

**Mr Flaherty:** Thank you for coming, sir. We have had representatives from the industry that manufactures and

distributes pull-tabs, break-open tickets. They're called pull-tabs in other provinces, I think.

**Mr Lapointe:** Pull-tabs, pop-ups.

**Mr Flaherty:** Yes. In fact we had a gentleman here this morning who made a presentation. I'll mention to you what I mentioned to him, and that is, if one of the objects of this legislation is to benefit charities and if one of the objects of gaming revenue is to benefit charities, then this legislation is good for charities because charities will receive up to \$180 million more money than they're receiving now. However, the mix will be different because the break-open tickets may not be as much a part of it as the revenue from gaming tables at permanent charity gaming halls or the revenue from video lotteries located at places other than racetracks. The mix may be different, but the overall effect is a very substantial increase in revenue for charities. I'm sure you'll agree with me, leaving aside business considerations, that is good for charities.

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**Mr Lapointe:** Yes, that is good for charities, provided the charities don't have any problem in applying for the dollars that are available.

**Mr Flaherty:** Right, and I take your point on that. I think that we on the government side can learn from your comments. We need to be very careful in the implementation stage that in this mix of revenue coming from various sources of gaming the charities do not get excluded or that there's a consultation failure. We need to make sure we build on the experience and knowledge that people like you have obtained in this business of raising money for charity. I thank you for coming this afternoon.

**Mr Klees:** I just want to get some clarification from you. You've made a request here, asked the government to consider what effectively I interpret as levelling the playing field for you, that if VLTs are going to come in, you for your industry would like to see some changes. Could you elaborate for me on those changes again and why you feel that would be helpful for you?

**Mr Lapointe:** In order for the break-open ticket third-party sites to compete and the charities to compete, when you go in to make a call on a third-party site, you say, "Would you care to sell these tickets on behalf of so-and-so charity?" and nine times out of 10 they'll say, "No, I don't want to sell them because I have staff who steal, I have people" — there's no accountability. There is a dispenser on the market now that dispenses these paper tickets, but the government will not approve the coin mechanism that goes to these dispensers. Yet the Ontario Lottery Corp has approved coin-operated paper dispensers, so you're taking with one hand and you're not giving anything back to the industry or to the charities in order to fight that marketing or that type of program.

**Mr Klees:** When was that application made or a request made to the government to approve that?

**Mr Lapointe:** I'd have to say a couple of years ago at least. There will be another one going in very shortly.

**Mr Klees:** That was under Mr Kormos's government. They refused you?

**Mr Lapointe:** I'm not sure whose government it was under. Don't get me involved in that.



**Mr Kormos:** Bob Rae would be surprised if he could hear you call it my government.

**Mr Klees:** Thank you, Mr Lapointe. I hadn't heard that before, and it's certainly something we'll take —

**Mr Lapointe:** There are a lot of little things like that. The break-open ticket industry was originally designed for the charities, which they could operate within their own little community. In the past, it's given millions of dollars to the charities in Ontario.

**Mr Crozier:** Mr Lapointe, welcome. When I go to the Legion in Leamington or Kingsville or Harrow, Amherstburg, Essex, and I see those break-open tickets being used for their charitable causes, and when you go to other venues where they have break-open tickets, some in local stores in areas, I like the idea that I know where that money is going, going for a local community cause. When you come and tell us that video lottery terminals are going to drastically affect the sale of the break-open tickets, it bothers me, because we can listen to all the statistics and all the surveys we want, but my gut feeling is that you're absolutely right. There have been some suggestions that that's not the case, that it isn't going to affect break-open ticket sales, but I'll bet you, and I'm not much of a gambler, that that is going to happen.

**Mr Lapointe:** It definitely is.

**Mr Crozier:** I just want to be upfront with you and say that you didn't give us a lot of surveys and a lot of names of surveys, but I think you've hit it right on the button.

When it comes to ticket payouts and the variety of payouts that you've not been allowed to have, why do you suppose that is? Can you speculate at all about why whatever government it is that you've asked hasn't allowed some change in the type of ticket sales you have?

**Mr Lapointe:** Some of the reasons behind that come within the industry itself, within the people who manufacture and distribute break-open tickets. The other side of the fence on that one is, why is it that one sector in the province is allowed to sell for 50 cents a chance to win \$5,000 and the other sector in the province can only win up to \$125?

**Mr Crozier:** Could we speculate that it's competition and they want to limit their competition?

**Mr Lapointe:** No, I wouldn't even speculate that. That's just straightforward, "We're going to let you do this and we're going to let you do that."

**Mr Crozier:** No, what I'm saying is perhaps the Ontario Lottery Corp says, "Wait a minute, we don't want these break-open ticket guys to have the same advantages we have."

**Mr Lapointe:** Exactly, yes.

**Mr Crozier:** That's why I have the feeling that since VLTs are going to be such a cash cow for the government, it's going to want to limit the competition, so I don't see your chances as getting any better. Even though I think you should have the opportunity to compete more fairly, I don't see your chances as getting any better.

**Mr Klees:** Don't be so pessimistic.

**Mr Lapointe:** I would have to say that if the government does not allow the necessary tools, especially that dispensing tool, so that the store operator or the bar

owner does not have to dish out these tickets at his most strategic dollar times for him, then you're going to see a real drop in the charities' fund-raising dollar at the —

**Mr Crozier:** Certainly I could see Mr Klees's interest in helping you, and I think that with his influence and support probably there are going to be some changes in that, because he's a man of action when it comes to that, notwithstanding the fact that we can't sell tobacco out of vending machines because it was literally uncontrollable.

**Mr Kormos:** If Mr Klees is appointed to the cabinet to displace one of those cabinet ministers who are being turfed, we'll lose him off the committee.

Mr Lapointe, I appreciate your comments. As Mr Flaherty pointed out, we've had a number of people from your industry come here. Look, yours is decades old. They used to be called punch boards back in the old days, and they acquired some notoriety because salespeople would sell punch boards in small-town Ontario and they'd tip off the person who purchased the board where the \$100 hole was. Then the owner could poke that hole out and not have to pay out the hundred bucks. Again, you'll recall — what was it, a decade, perhaps a decade and change ago? — there was some concern about break-open tickets and the integrity of them, but I understand that's all been addressed in terms of there being no question about tinkering with the integrity of the ticket.

**Mr Lapointe:** No. They're all lab-tested and everything now.

**Mr Kormos:** Like Mr Crozier, and I'm sure these others, I don't go into the Welland County General Hospital without stopping by, because we've got volunteers, as often as not seniors, selling tickets. They've got to now, because the government is defunding health, so those volunteers and their fund-raising efforts are all that much more important.

I remember I was working with a group from the Ontario Head Injury Association. They were having a heck of a time getting licensing for their break-open tickets, because they were told, "Only one licence per municipality."

**Mr Lapointe:** Correct.

**Mr Kormos:** They said: "But you don't understand. We've got a strong team of volunteers who are eager to place these around. We've got retailers — little corner stores, what have you, bars, taverns — that are prepared to do it for us." The argument from the brains trust, the bureaucrats, was, "The market is saturated." Do you recall that argument being used?

**Mr Lapointe:** Yes, I do.

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**Mr Kormos:** The market was saturated. There wasn't any more capacity out there to buy break-open tickets. That's what they were saying, the bureaucrats, the brains trust. If the market was saturated — because we had no choice but to accept that; that's what the brains trust, the bureaucracy was saying — what the heck is going on now if they're introducing 20,000 slots? They were telling your industry the market was saturated. What's going on?

**Mr Lapointe:** Just one of the reasons why everybody thought the market was saturated was that some of the

small mom-and-pop stores were only making \$54.60 a deal on it. As of October 1, they'll be making \$81.90. There had to be an influx of dollar profit to the third-party seller. The government recognized that and did it.

I could sit here and talk for a long time, but one of the problems that happened was the fact that you were talking one licence per municipality. Now the municipalities are thinking about amalgamating, what happens to those charities that, say, have three or four licenses and all come under the one municipality? What are they going to do? Lose three or four sites and sales? We don't know. I don't have an answer.

**Mr Kormos:** The other interesting thing is that your industry talks about municipal licensing and the revenues municipalities generate in the break-open ticket business. Twenty-three municipalities in Ontario have already said no to slots, and there are probably more in the works. I suspect there's going to be at least an amendment introduced, if not debated, and it may be passed, that will give municipal option, and one of the ways that it will be given effect is that municipalities will be given the power to license slot machines. Boy, oh boy. The municipalities in this province are so cash-starved right now, when they see a slot machine with the potential to generate \$1,000, \$2,000, \$3,000 a week in gross revenues — again, that's for the little people who are going to get whacked again, not the big hotels —

**The Vice-Chair:** Mr Kormos, we are out of time; I'm sorry. Mr Lapointe, on behalf of the committee I want to thank you for your presentation.

ASSOCIATION TO REDUCE  
ALCOHOL PROMOTION IN ONTARIO  
IROQUOIS RIDGE AGAINST  
DRINKING AND DRIVING

**The Vice-Chair:** The next group is the Association to Reduce Alcohol Promotion in Ontario. Good afternoon.

**Ms Simone Cusenza:** Mr Chair, members of the committee, my name is Simone Cusenza. I'm representing the Association to Reduce Alcohol Promotion in Ontario, ARAPO. I would like to briefly address Bill 75 in relation to the issue of the regulation of alcohol advertising in Ontario.

With me are two members of Iroquois Ridge Against Drinking and Driving, Mr James Hamilton and Ms Nadia Peric, who would then like to offer a youth perspective on alcohol advertising.

ARAPO members believe that responsible alcohol advertising allows people to make wiser choices about drinking, especially youth, and that the regulation of alcohol advertising is an important part of any provincial alcohol policy that aims to reduce the health and economic costs associated with alcohol misuse.

Currently, the Liquor Licence Board of Ontario plays a vital role in this respect. All alcohol advertising in Ontario, from billboard ads to TV commercials to contest sponsorships, must receive prior approval from the LLBO. The LLBO's advertising guidelines set out the criteria for approval and include some very important provisions such as — and I'm sure you're aware of these — alcohol advertising must not appeal to persons

under the legal drinking age; it must not associate drinking in relation to driving a motor vehicle; it must be consistent with the principle of responsible use and service; it must not imply that consumption is required for social or personal success, and so on.

The LLBO and the Ministry of Consumer and Commercial Relations are currently reviewing the content of the advertising guidelines and how they are administered with an eye to cutting red tape and increasing administrative efficiency. While not directly addressed by Bill 75, the regulation of alcohol advertising will be effective.

Since there may not be another opportunity for public input, ARAPO would like to put forward its recommendations at this time. We recommend:

That the prior approval and enforcement of alcohol advertising continue to be a priority of the new Alcohol and Gaming Commission, and that both these functions be adequately staffed.

That self-regulation by the alcohol manufacturers not be considered an adequate replacement for the current pre-approval process. The approval process screens out many violations, saving time and money for everyone in the long run. Right now manufacturers are responsible for making sure that any billboards advertising their products are not within 200 metres of an elementary or secondary school. Prior approval of the ad itself is required but not the billboard location, so in a way this is an example of self-regulation.

ARAPO, my association, has recently complained to the LLBO about numerous infractions of this provision, a provision that we believe is very important for the protection of youth. Our concern is that overall violations will increase if the prior approval process is eliminated and that enforcement is too lengthy and slow a process to be relied on exclusively.

Two recent studies about alcohol advertising are included in the packages we have prepared for you: Alcohol Advertising: A Legal Primer, by Professors Hovius and Solomon of the faculty of law, University of Western Ontario; and The Effects of Television Alcohol Advertising on Adolescent Drinking, an American study that concludes alcohol advertising has a small but significant effect on increasing adolescent drinking.

I hope I have raised the profile today of this important issue. Thank you for the opportunity and for your attention. Now I would like to give James and Nadia an opportunity to speak to you.

**Mr James Hamilton:** Hi. My name is James Hamilton. I'm 18 years old and I live a drug-free lifestyle. Throughout my youth I've seen a lot of advertisements that have been very influential to youth drinking. One such advertisement carried out by a company was directed I think subliminally to youth. It involved a free giveaway for various CDs by various bands. I remember when I was about 13, I wanted my father to purchase a pack of 24 beers so that I could listen to one of the bands. I've also worn hats that have advertised certain companies when I was younger.

But living a drug-free lifestyle, I recognize that a lot of the advertising is directed towards youth or appealing to youth in some way. A lot of the social parties and things such as that are very appealing to youth, and I feel that



with Bill 75 the LLBO will become too big to regulate and enforce things such as that. I think if alcohol companies are allowed to make their own decisions and regulate themselves, they will use profit over what they think about what the populace will want. I don't feel that Bill 75 is a very good resolution to this problem.

A lot of youth are involved in drinking who are younger than the legal drinking age and I think that gambling will also appeal to youth very much. A few people that I know do participate in gambling such as with Sport Select. I know they have lost hundreds of dollars playing this game just by getting almost everything right except for one team lost to the other team by two points, and they lost \$10 when they could have won \$500. So I feel that a lot of what is going on today is profit-directed instead of weighing the social costs of what it actually is.

**Ms Nadia Peric:** I'd just like to add that with the enforcement of the LLBO towards alcohol advertising, being a youth, I know many people who have been tempted by the ads and by the commercials on television, whether it makes them feel good about themselves, it just gives them a good feeling, or they just supposedly think that it'll bring out who they really are if they're drunker, if they are drinking alcohol. You know, that feeling that they feel, it brings on a lot more problems such as drugs, and I've seen it happen so many times. So I'm very supportive of what Simone and James are saying here. Through our school, Iroquois Ridge, we're trying so hard through IADD to make everyone in our school supportive of the same idea.

**The Vice-Chair:** Thank you very much for your presentation. We're going to move to some questions now starting with the Liberal caucus. About three and a half minutes, Mr Crozier.

1530

**Mr Crozier:** Thank you, ladies and gentlemen. I want to thank you for coming to the committee today. This is a little different than some of the issues of Bill 75 that we've been discussing. I don't quite know what to ask you, frankly. I was thinking, while you were talking, particularly while the two young people were talking here, or while the — I've got to be careful — three young people, but these two.

**Ms Peric:** It's okay.

**Mr Crozier:** I was thinking, you know, I'm pretty lucky. I made it through my youth not hurt too much by the problems that you speak of. I wonder to what extent not only are you talking about advertising, the big corporate advertisers — because frankly, they know exactly what they're doing. You may object to the advertising, but you know full well that if subtly they can appeal to youth, then so be it; that's fine. They know; they're experts at it. But to what extent is peer pressure a problem? You haven't spoken too much of peer pressure. You're two young people who are working in your schools. Difficult?

**Ms Peric:** I find it very difficult. Peer pressure is a major problem in schools. We've done surveys over and over again and peer pressure is a large problem with youth, especially towards drinking, towards drugs, whatever the ads may portray. When one of your friends

is doing something and you're pressured into it, it's very easy to fall into it. To get out of it, it's very hard.

**Mr Hamilton:** I personally have lost a few friends to alcohol and smoking and doing drugs. I don't hang around with them any more, because they just got so caught up with the idea of getting drunk or getting high that it wasn't fun to hang out with them. I have better things to do than drugs, like I'd rather spend my time playing basketball or hanging out with friends than going to a forest to smoke or do whatever. I feel that the advertising does affect youth, but it affects females a lot more than males. I've seen some friends become very affected by how alcohol is portrayed, and a lot of people see the good times there and they feel the dependency. When they want to feel better, they'll drink the alcohol, which is a depressant, and they'll become addicted to that sensation of having fun. I don't like how it is portrayed in the media, that alcohol is sort of an escape from your problems.

**Mr Crozier:** Okay. We are going to have to work with the federal government on this too, because to a great extent that's where the control is, as far as advertising. I just appreciate the fact that you've come today.

**Mr Kormos:** I'm darned impressed with the comments you make, because you raise a facet of this whole issue, be it gambling, booze or drugs, legal or non-legal, and the promotion of them, the advertising of them. One of the things I've got to tell you, and there are some people on the committee who disagree with me in some respects about a whole lot of things — but one of the things that I've been repeating since day one is that it is my view, based on just the jobs I've done in my lifetime, that any one of us in this room is capable of becoming a drug addict, an alcoholic or a gambling addict. All of us like to think, "It's not me," which is what makes us believe we can smoke one joint or play one slot or have one night of a drunk. Again, whether it's ourselves or our families or our friends or our communities, none of us haven't been touched by those addictions. I challenge people who would refute that. As I say, there isn't a single one of us who can't become an alcoholic, a drug addict or a gambling addict.

So we've got two issues here: one, because I've seen — the beer companies, boy, they don't show fat old guys with beer bellies drinking beer; it's young, cool, hip people, inevitably actors. I've met some of these actors and stuff, actors and models who don't drink beer, because if they did they couldn't be in their profession, and you can't do that type of acting and modelling if you're a beer drinker. They drink Evian water.

It's going to happen with casinos and slots too. Look how the Ontario Lottery Corp promotes and sells with glossy advertising \$1 6/49 tickets, or Pro Line. You talk about Pro Line. Man, they spend billions, and they've got the audacity, in that one 6/49 ad, where they show the guy driving the — they don't even have a North American car; they've got a Ferrari or something. At least they would show the dignity of using a North American car. Would you advocate a ban on advertising of — and I appreciate what Mr Crozier is saying, because the Supreme Court of Canada just said something about that when it came to tobacco. But the province can control

liquor advertising and casino advertising. Would you advocate a ban? If so, yes; if not, why not?

**Ms Cusenza:** ARAPO does not advocate a ban on alcohol advertising. What we're pushing for is strict enforcement and application of the current guidelines that are administered now by the Liquor Licence Board of Ontario. We feel that responsible alcohol advertising will make a tremendous difference, and it may not be reasonable or feasible to push for a ban. So no, we don't spend our energy working in that direction.

The CRTC right now regulates the advertising of alcohol on television only. We rely on the province to regulate advertising in so many more forums.

**The Vice-Chair:** Thank you, Mr Kormos. Time has expired. We move now to the Progressive Conservative caucus. I've got Mr Flaherty and Mr Klees.

**Mr Flaherty:** Thank you for coming today. As you can tell from the numbers, this is the government side and that's the opposition side, as a result of the election.

**Mr Crozier:** What's that got to do with it?

**Mr Flaherty:** I thought I'd just remind the opposition who won the election. We have to do that once in a while.

**Mr Crozier:** And they're older.

**Mr Flaherty:** That's it. We also know now that Mr Crozier survived his childhood. We learn something every day here.

**Mr Crozier:** When you have to live with guys like Klees, you had to work hard at it.

**Mr Flaherty:** I appreciate the recommendations that you've made, and quite seriously I undertake to you to pass them along to the minister responsible, the Minister of Consumer and Commercial Relations. I'm his parliamentary assistant. I'll make sure that happens, because I think they're very important.

I want to ask you about that. In my former professional life as a lawyer, I had the unfortunate experience from time to time of seeing some of the grave consequences of drinking and driving by adolescents and drug use. To see a 17-year-old brain-damaged young person rendered quadriplegic from drinking and driving and illegal drugs is one of the saddest human experiences one can imagine, and for their families. I feel somewhat reassured by what I hear from some young people today, at least in my own riding, that at least drinking and driving has become unacceptable to a large extent among high school students. Is that fair, I hope?

**Ms Peric:** It is somewhat, but I mean, there are people out there who will say it's fair and the same people go out and think they can handle it, and they can't. So it is right to some extent, but those same people will go out and drink and drive because they think they can handle it.

**Mr Flaherty:** Even that extent of change, you know, is a remarkable change from my generation, where those of us my age, most honest ones, will admit that there was not that social disapprobation about drinking and driving. It was still against the law, but people did it much more, regrettably, in those days. I think we have to acknowledge that laws can change behaviour, that advertising can change behaviour. We've seen it, for example, with seatbelts, where 20 years ago most people didn't wear

seatbelts and there was a great foofaraw when governments proposed to bring in seatbelt legislation, but now it's commonly accepted and there's a compliance rate of over 90%. People realized through the law and through education, through advertising, that it's crucial.

I want to ask you, then, about the attitude towards alcohol among your peers these days and its relationship to advertising, that is, what sort of persuasive advertising approach do you think would work? I realize that lifestyle advertising, saying that you'll have more friends and more personal success if you drink brand X of beer, is a problem. Let me turn the question around. Can you help me and the government side about —

**The Vice-Chair:** Mr Flaherty, I'm sorry, time has expired.

On behalf of the committee, I would like to thank the three of you for your presentation to the committee.

If the committee members would look at their agenda, they would see that there's been a bit of a mixup here. If you look at the 3 o'clock time, it then jumps to 3:40, misses the 3:20, and then from 3:40 it jumps to 4:20, and our 4:40 has cancelled. We are left with three presenters, of which the first one arrives at 4:20, so we'll be recessed until then. None of them are here.

*The committee recessed from 1540 to 1621.*

#### TICKETTIME

**The Chair:** I call the meeting to order. We are now proceeding with our next presentation: from TickeTime, Mr Craig Lilley. Welcome. I'd ask you to proceed. You have 20 minutes.

**Mr Craig Lilley:** Thank you very much. I'm Craig Lilley, as indicated, president of TickeTime, a third-party lottery retailer. I am adamantly opposed to Bill 75.

When I voted PC in the recent election it was because Premier Harris was opposed to VLTs. Additionally, three weeks prior to the last budget, Norm Sterling wrote to Charities First indicating that no VLTs would be introduced to the province without extensive research and consultation with the charities. In my opinion, they have both lied, and therefore the \$180 million promised to charities through VLT revenues can't be trusted. In Alberta, charities were given a similar promise, and they're still waiting to see any money from VLT revenues after nearly two years.

In 1975, Marshall Pollock, the inaugural president of the OLC and I believe a presenter to this committee last week, made a strong statement that lottery products were not to be sold in any licensed establishment in order to ensure that individuals not be tempted into a bad decision of judgement brought on by the impairment of alcohol. In 1996, the government is presenting legislation to introduce VLTs only where alcohol is served. Does this make any logical sense, the change in 20 years of Tory government?

VLTs are going to be going initially only into restaurants, hotels and racetracks, which have been admittedly illegally bringing in grey VLT market machines for some time. They're going to be paid 10% for this particular situation, whereas the charitable gaming industry and third-party retailers continue to receive 5% for any online or break-open tickets. Is this fair?



What kind of studies have been done to predict the impact of VLTs? I suspect either none or very few, as this is a reversal of an election platform and promises made, as I indicated earlier, just three weeks prior to the budget. I demand a referendum before this bill becomes law. Already 23 of the province's 519 municipalities have carried bylaws prohibiting VLTs. Not insignificantly, on July 16, Parry Sound, the riding of the finance minister, the Honourable Ernie Eves, joined the ban. I've given Ms Bryce copies of that particular passing of the legislation from Parry Sound for each of you.

Let's now compare charitable gaming in Ontario to the OLC. For the past year, 1995, the OLC took in revenues of \$1.9 billion. That took them 20 years to achieve. Break-open ticket business in Ontario was \$1.3 billion, coupled with \$2.3 billion from the roving casinos and \$1.5 from the bingo halls; combined, \$5.1 billion in revenues, over twice the size of the OLC. Yet charitable gaming operates on very low budgets, minimal to no advertising, and has grown to over \$5 billion from insignificant levels in just five years. This level has been achieved through hard work and despite having our hands tied by all levels of government at every step.

We demand a level playing field: break-open prizes in excess of \$100, where they've been at since their inception; equal payment from the OLC, as opposed to the 5% that is being offered to online retailers currently; and room to post the number of winners on break-open boxes. When we open a box of break-open tickets as a third-party retailer, we can guarantee by law 224 winning tickets in that box, \$800 in prizes, over 73% of the actual gross revenues, and five \$100 winners. But recent legislation prohibits us from advertising these facts on the basis of enticement advertising. The OLC's employees take great pride in policing this, although it's not their jurisdiction. But we continue to post OLC jackpot alert signs with guesstimated, not guaranteed, jackpots. Given the number of online terminals in the country, the odds of someone actually selling a jackpot at a given 6/49 terminal are one in 216 years.

On my way to work, I pass several jackpot alert signs on the Gardiner Expressway. They are interestingly left at old jackpots quite often, sometimes for a whole week, when the 6/49 is at \$10 million or more, and yet we, third-party retailers, can be fined and could lose our licence if we post the number of winning break-open tickets that we know to be available and can guarantee. I have here a copy of a memo to "Store Manager" from the OLC, on no letterhead, indicating that a law is being passed currently allowing first-time offenders of third-party retailers selling lottery tickets to minors a fine of up to \$250,000, even though it may be one transaction in the tens of thousands that the retailer processes, potentially for 50 cents. Through the use of this memo, the OLC, in this undated and illegibly signed memo, have washed their hands of any involvement or responsibility. But who is responsible to police the accuracy of the OLC jackpot sign I see on the Gardiner each day, and who pays the penalty there?

The gaming and charities industry is tired of playing with our hands tied behind our back while the OLC is given free rein to operate as they see fit. The OLC uses

enticement advertising to double and triple sales when jackpots climb, but we are prohibited from competing. The OLC has never suffered sales declines in markets where break-opens have been successful, yet they continually try to lobby and pass bills which will wipe out the competition. Results in the other provinces with VLTs have shown that the big loser is break-open tickets, with sales often declining by about 50%. Without the flexibility to offer larger prizes and compete evenly, the charities of Ontario, which must rely heavily on the funding of third-party retailers, will suffer at a time when government funding is disappearing quickly.

The OLC repeatedly and openly badmouths break-open ticket sellers as taking advantage of those who can least afford to lose money gambling, but I've seen our customer is the same person who buys 6/49, instant and all other OLC products. Is it coincidence that the OLC brought in Garth Maness, who has considerable experience with VLTs in Manitoba, and that Clare Lewis has been airlifted from gaming services to chairman of the LLBO, or that John Major, once considered the god of break-open tickets, is now head of the racing commission? I think not. These are all carefully orchestrated moves to ensure the success of VLTs and the obliteration of any competition to the OLC.

While all the behind-the-scenes planning has been happening, who's been studying the socioeconomic impact of VLTs, the crack cocaine of gambling? Lottery retailers such as myself who have been in the business for 21 years don't only oppose VLTs for the competition; we oppose them in principle and we don't want them made available at any lottery or gambling establishment, let alone just in restaurants and bars.

In summary, I expect the elected government to make good on their election promise of reduced government spending and deficit elimination, a platform on which I voted them in, which I agree with, but by the means they outlined in their pre-election campaign, not by rampant VLTs and casinos on every corner. You don't have to leave your kids in the car while you come in to buy a break-open ticket, like they seem to be doing at Casino Rama.

The budget indicated a test period in which 20,000 VLTs will be tested before any decisions on expanding the program are made. I feel Bill 75 is simply the government's way of opening the door to unlimited VLTs, and comparing our population base to those other provinces that already have VLTs in existence, I'm sure by 2006, in 10 years, we'll have 60,000-plus VLTs operating in Ontario. I suggest the bill be amended to say no further VLTs can be added until extensive studies are taken to examine the ramifications of the first 20,000 that have been approved by a panel of unbiased experts.

On behalf of Ontario's 17,000 lottery retailers, who represent over 50,000 employees, I implore that Bill 75 be reworded and reviewed.

**The Chair:** Thank you, Mr Lilley. We have three minutes per caucus.

**Mr Kormos:** Boy, would I ever appreciate more than three minutes.

One of the things about break-opens is that when I go to the Welland County General Hospital and there are the

volunteers in the lobby selling the break-opens, I know that's a contribution to the Welland County General Hospital at the end of the day.

**Mr Lilley:** Right.

**Mr Kormos:** The break-open tickets that are in Sammy's Variety, are they similarly identified as benefiting a particular organization or group?

**Mr Lilley:** Absolutely, and it's regulated and followed by licensing officers to death. We have more paperwork and red tape to follow on that than anything else.

**Mr Kormos:** So the purchaser knows where and to whom his donations go?

**Mr Lilley:** Absolutely. There are laws galore to ensure that we post a licence indicating which charity the money is going to and that every ticket has the name of the charity on the ticket.

**Mr Kormos:** One of the issues that's been raised — you see, the racetrack industry, they want slots, but they don't think anybody else should have them. The hotel and motel association — Day's Inn, Delta, what have you — wants slots, knowing that they're second in line after the racetracks, but they don't want anybody else to have them, on and on down the road.

In the communities I represent, Welland and Thorold, I've spoken to retailers, variety store people almost inevitably, not necessarily, and it puts a few more bucks into their pocket and as often as not it was the result of some volunteer imposing these tickets on them, exhorting that person to carry that ticket. So there's a sense of involvement in the fund-raising process for that charity. Is that a universal experience or is that unique to Welland-Thorold?

1630

**Mr Lilley:** I'm not sure that I understand.

**Mr Kormos:** In that the retailer is making a couple of bucks, but he or she also knows that they're doing this on behalf of Big Brothers, on behalf of the Lions Club, on behalf of what have you.

**Mr Lilley:** Absolutely. They are fully involved all the way through, knowing who the charity is and supporting the charity they are representing, and usually it's a revolving change of charity to distribute the money evenly.

**Mr Kormos:** One of the concerns about OLC that I've raised — because I consider them a corrupt bureaucracy, not in that anybody's stealing any money, but I've raised this in the House; I've raised this in correspondence to respective ministers. I have a case of a young man who was a technician for the company contracted to do the repair work for OLC. He identified a fault in the ticket delivery machines whereby a number could be entered and stored but no ticket was issued, and this is the random numbering. The retailer would simply issue another ticket, no problem. The problem is, that number is already entered but nobody has a receipt for it. This young man, very bright, identified this as a means of tinkering the odds, albeit slight, but Bugsy Seigel knew that even half a per cent extra point — that's what shaved dice are all about — can benefit the house. He was fired at the insistence of Ontario Lottery Corp for having raised that glitch.

**Mr Lilley:** Interestingly, the lottery corporation uses the same symbol on all losing tickets as they do on any

prize over \$500, which in a sense is a form of fraud, in that a player who receives the symbol immediately feels that's a losing ticket, whereas anything above \$500 is identified by the same symbol as a losing ticket.

**Mr Ron Johnson:** Thank you, Mr Lilley, for your presentation. Just as a point of clarification, at the end of your presentation, you said on behalf of — and I don't remember the number —

**Mr Lilley:** Seventeen thousand lottery retailers currently in the province.

**Mr Ron Johnson:** And the 50,000 employees associated with that?

**Mr Lilley:** Right.

**Mr Ron Johnson:** Are you speaking on their behalf?

**Mr Lilley:** I'm speaking on behalf of all those I have talked to and know, and I know many, many of them.

**Mr Ron Johnson:** You certainly haven't talked to 50,000, though, is that correct, or 17,000? The reason I say that is that I was just a little confused. We didn't have a written submission and it almost sounded like you were somehow appointed or speaking on all of their behalfs, and I just want to clarify who it is exactly you're speaking on behalf of.

**Mr Lilley:** Okay, I'm speaking on behalf of myself and all those individuals I've talked to in the business. In over 21 years, I know an awful of them, but not all 17,000.

**Mr Ron Johnson:** You didn't really indicate exactly what it is TickeTime does. I'm assuming it's a distributor of —

**Mr Lilley:** I said a third-party retailer.

**Mr Ron Johnson:** Okay, a third-party retailer of tickets. My question, I guess, is more on the lines of the consultation aspect of things, because you have to understand, there have not been any steadfast decisions made yet with respect to VLTs. You indicated that you were frustrated at what you call the lack of consultation. Do you feel that you've been consulted with respect to this piece of legislation?

**Mr Lilley:** I haven't been consulted at all.

**Mr Ron Johnson:** Do you feel that public hearings are a form of consultation?

**Mr Lilley:** I have a feeling that they're just a necessary step on the way to passing the legislation, and my colleagues seem to feel much the same way.

**Mr Ron Johnson:** It's unfortunate you feel that way because I know that we're very interested in hearing from a lot of people on all sides and we've been able to do that on these hearings. It's very important that we enter into these hearings in good faith and look at them as an opportunity to consult. I can assure that that's exactly what we've done in this case. The comments that you've made are going to be taken to heart by this government, I can assure you of that.

**Mr Young:** My concern is that we've heard some people who are in the business of promoting or selling or manufacturing Nevada tickets, and the message we're getting is that Nevada tickets are okay, VLTs are bad, that one form of wagering or gambling is superior to another. I've heard a story about Nevada tickets; you might have heard the same story. How much, if you bought a whole box, would they cost, about \$1,300?



**Mr Lilley:** It's \$1,091.50.

**Mr Young:** I've heard a story where somebody went in a store and bought the whole box of tickets, one by one, even though the absolute maximum they could win is \$800. There are problem gamblers in all forms of gaming, I believe, and sitting on this committee for a week, I've learned this as well. We read in the Toronto Sun this morning that a speaker from one of the universities in the States yesterday said they've identified a new form of addiction. There's a lady who is addicted to e-mail on the Internet and her marriage broke up because she couldn't get off the Internet; she was doing e-mail on the Internet all the time. When you have 1% to 2% of people —

**The Chair:** Thank you, Mr Young; your time has expired.

**Mr Crozier:** Mr Lilley, I'm not suspicious of any of your motives. I'll be most interested to review Hansard to re-hear some of the information you've given us this afternoon, particularly where the minister, Mr Sterling, wrote to Charities First — I've also had a number of meetings with Charities First and was aware of that — that as little as a few weeks before, there weren't going to be any VLTs. You can't blame these people here on the government side because they didn't know three weeks before either. We found out the same day they did, I suspect, unless the system has changed drastically, and I doubt it has.

I've created a little scenario — it may not be right, but it's possible — that in preparing the budget the finance boys and girls came in and said, "Look, government, you need the money, as simple as that, and we've got to find it someplace and VLTs are the biggest cash cow we can think of," notwithstanding the fact that — and you're right, and please send us any kind of information surveys or background information you come across that will help us make these kinds of decisions — that it's going to hurt all kinds of break-open ticket sales. That's my gut feeling.

**Mr Lilley:** Lottery across the board will be cannibalized, including other OLC products, but the great benefactor will be the Ontario government.

**Mr Crozier:** Because you've had experience in this area and you know.

**Mr Lilley:** Absolutely, and we've gone and checked out the other provinces to see exactly what happened there.

**Mr Crozier:** I don't doubt the sincerity of any member on this committee of wanting the government to take to heart that which you and others have given them. The problem is, we aren't the ones who are going to make the decision. There are going to be some folks in finance and some folks in the Premier's and the finance minister's office who will say, "Be damned." As the parliamentary assistant has said, "It's in the budget," although I take the view that the budget isn't worth the paper it's written on because it's only intent, it's not written in stone. You don't have to follow the budget, so it's not an obligation.

Whether you're speaking on behalf of yourself or whether you're speaking on behalf of 17,000 people, it matters little. What you said is true, and I appreciate it. If there's anything you want to add in my time — do I have any time left?

**The Chair:** You have one minute left.

**Mr Crozier:** I've said all I want to say, so if you have anything else to say, please do.

**Mr Lilley:** I appreciate your support and I feel, unfortunately, despite what Mr Johnson has indicated, as you do, that it's probably people beyond this room and beyond any of our control who will make that ultimate decision. But certainly if that decision is made they'd better go in with their eyes open. There will be huge repercussions from BOTMA and all the other individuals involved in lottery retail. We won't take this sitting down. We're prepared to go into the battlefield, per se, if we need to.

**Mr Crozier:** Don't give up here.

**The Chair:** Thank you very much, Mr Lilley. I thank you for your presentation.

Ladies and gentlemen of the committee, our 4:40 has cancelled and we are waiting for our 5 o'clock. What is your pleasure?

**Mr Crozier:** Is our 5:20 here?

**The Chair:** No, neither one is here.

**Mr Kormos:** If I may, could the Chair arrange to have Tom Long's home phone number distributed? That way people could talk directly to the policymaking people instead of wasting their time with this committee. They could call him at home and express their views on this bill.

**The Chair:** Tom who?

In any event, we're waiting for our 5 o'clock. I suggest we adjourn until five minutes to 5.

**Mr Ford:** Mr Chair, why aren't they here?

**The Chair:** Well, they're not scheduled until —

**Mr Ford:** That schedule makes me laugh. We're waiting for them. They should be here on time.

**The Chair:** No, Mr Ford. These two presenters are not scheduled until, the first one, at 5 o'clock. There was a cancellation at 4:40; we can't do anything about that. We're adjourned until 4:55.

*The committee recessed from 1641 to 1654.*

## FULL SPECTRUM FUNDRAISING STRATEGIES

**The Chair:** I call the meeting to order. Full Spectrum Fundraising Strategies, Mr David Gibson, director. Welcome, Mr Gibson. You're here early. That's great. We'll start a bit early if we can.

**Mr David Gibson:** I could have started 10 minutes ago.

**The Chair:** Well, we didn't know that. Please proceed.

**Mr Gibson:** I am David Gibson. I am a partner in Full Spectrum Fundraising Strategies. Our firm is registered as a gaming service supplier with the Gaming Control Commission. We are primarily a supplier of break-open tickets; however, our charity clients consult with us on other matters related to fund-raising and charitable gaming. I have some personal experience with charity casinos also.

I'm not here to bemoan how VLTs will affect my livelihood as a break-open ticket supplier. The realities of politics and the huge revenues at stake dwarf any opposition I might have. I feel there is still a place for break-open tickets to coexist alongside video lottery terminals.

Besides, it was inevitable that Ontario would become the ninth province to allow video gaming.

The committee has already heard of the addictive nature of the VLT. All gambling has the potential to become dangerous to some in this manner. VLTs may or may not create more problem gamblers. It is important to remember that a huge number of these machines are currently in use in Ontario in an unregulated manner. I think we've all seen them. Better to have all Ontarians benefit from these machines through taxation and charitable funding.

After hearing some previous presentations, it has become apparent that the most bewildering issue surrounding the implementation of video gaming is what to do with the funds. I understand that the government seriously intends to share the proceeds with charitable organizations on a roughly 50-50 split. This is a highly commendable move on the part of the government of Ontario.

As gaming service suppliers, our main function is to work on behalf of our charity clients. In fact, I'm here today on the recommendation of one of these organizations. My clients are expressing concerns that the revenues from break-open tickets and other forms of charitable gaming are bound to be affected by the introduction of VLTs. In these tough times of funding cutbacks, many charities cannot afford to have their gaming revenues eroded further. In addition, most gaming suppliers are currently having to turn away new charity clients. We're getting calls all the time. The marketplace is reaching saturation level. If VLTs are to bring a new form of funding to charities, then why the concern? Obviously, everybody wants a place at the trough.

Charities are people helping people. As such, they exist and perform at a grass-roots level. Even large charities have chapters which deal at the local level with people. The satisfying aspect of placing a break-open ticket program is that the seller, through his efforts, and the player, through his lottery purchase or losses, direct funds to a local charity.

Allow me to illustrate how effectively this relationship works by creating a little model. Let's say the management of a tavern in Woodstock wish to sell break-open tickets to support a local charity. This is not unusual, that they want to direct funds to a specific cause; in fact, it may be the only reason they want to deal with them. As a gaming service supplier, we would approach the charity and explain the regulations to them. We outline their responsibilities, at the same time detailing the services we and the sellers perform. This is a win-win-win situation. Even the player who loses knows where the money's going: to a charity they recognize, in this case. It's this kind of expertise that a gaming service supplier brings to charitable gaming. This is also what is lacking in the current approach to government lotteries. The money just seems to disappear into a big hole. Nobody knows where it goes.

Charitable gaming has intrigued the Ontario Lottery Corp. We have seen them sniffing around a fair bit with break-open tickets. We were the only competition there was, really.

**Mr Kormos:** Like a dog, eh?

**Mr Gibson:** They want to know numbers and everything, because they're dealing with the same stores. They want to know: "How much of this do you sell? How popular is it?" and so on.

We have been the only private sector competition to their virtual monopoly on lotteries. It does make sense for the OLC to conduct and manage the VLT program because of their experience with online lotteries and their vast telecommunications network. However, the OLC at present has very little coverage in age-controlled establishments like bars. They have pretty well eliminated all their sales representatives who used to call on all these sites too, more like the convenience stores, which are the bulk of their business.

**1700**

In this day and age, servicing customers is all-important. It's something that charities and gaming employees know, and we provide it. Charities are really good at recognizing who supports them; it's their business. Let the individual charities operate the VLTs, and give them the option of utilizing the services of a gaming service supplier. We work with them already. They either like us or they don't like us, but give them an option. The proposed 20,000 machines would give opportunities for many interested groups to get aboard, and experience has shown that charity involvement in gaming is more satisfying than just handing out funds or using the cumbersome grant application procedure.

I also see this as an efficient and cost-effective method of operating the program. If VLTs are to be a true fundraising tool, let the charity recipients have control of the program and decide how it is to be administered. If they decide they want or need the assistance of a gaming service supplier, then so be it. This is how charitable gaming operates at the present time. They can operate without the gaming service supplier if they want. Some do; some don't. They have mixed success with it.

The Gaming Control Commission has control over all suppliers of equipment and services to the industry. They also determine the licensing eligibility at present and as such are capable of determining who can receive permission to participate. This is also done at the municipal level. If there are too many applicants, it may become necessary to employ a selection process similar to that to determine the charity participants at the CNE casino. It's a fair system; it rotates. Names are drawn from those who apply, to be fairest to all.

Of course, the government would receive its portion of the proceeds. It could be in such a way as a percentage of the gross, much in the way that the Gaming Control Commission receives licence fees.

In conclusion, if the government is sincere in its statements offering nearly half of the VLT revenue to charitable organizations in the province, then give these groups the power to operate the scheme themselves.

**Mr Ron Johnson:** Thank you, Mr Gibson, for your presentation. I'm somewhat encouraged to hear a lot of the comments that you made. I look at one thing you said here, that you "feel that there is still a place for BOTs to coexist alongside VLTs." That hasn't been the message that we've been getting from most suppliers of break-open tickets. I'm certainly encouraged to hear you say



that. I want to ask you if you're aware of what's happened in Alberta with respect to break-open tickets, in that when VLTs were introduced into that province there was not at all a significant decline in sales of break-open tickets. Were you aware of that?

**Mr Gibson:** I heard an earlier presentation that said they'd dropped considerably, but I haven't really heard that. In a way, I'm not too surprised. I would expect a drop, maybe 10% to 20%.

**Mr Ron Johnson:** One of the concerns that we've got from people is that somehow they've been led to believe — and I believe, quite frankly, by the members across in many ways — that video lottery terminals are somehow going to replace all of the good work that charities do now through the break-open tickets, through their bingos, but of course all of that is going to continue to exist. You're still going to have all of these charities raising funds through those types of ways.

The other thing I want to point out quickly that you mentioned, and I tell you, it's very encouraging to hear you say, is that: "It is important to remember that a huge number of these machines are currently in use in Ontario in an unregulated manner. Better to have all Ontarians benefit from these machines through taxation and charitable funding." We concur with you on that. We know those machines exist and we feel one of the ways to address that is through helping charities and generating some revenue for them. We can also put a squeeze on the illegal gaming going on. How do you feel about that?

**Mr Gibson:** I've seen them there. It's interesting that you mention that running up against break-open tickets. I know a particular place — of course, it will remain anonymous — that has both. It's hard to say what difference it's going to have when that machine comes out of the back room, but they sell both and it seems to work. I don't expect to see that too much, though. I don't think they're going to take break-open tickets.

**Mr Hudak:** Thanks, Mr Gibson. Good to see you again. I know you've sat through a couple of meetings already so you're well aware that the government is going to consult further with charities to see how it's best to distribute the funds from the actions in the budget and Bill 75.

Let me follow up on that because you made some interesting points here. I'll give you an example: Where I come from, Fort Erie is in my riding. It's on the border with Buffalo and I think it stands to benefit greatly from the initiatives in Bill 75 and in the budget. Down Highway 3 is the town of Dunnville, about the same demographics, close to the same size. The charities in Fort Erie stand to benefit, I would think, extremely from these initiatives whereas Dunnville, not as close to the border, doesn't have the same advantage. What kind of mechanism do you use to try to address that situation, given that I think you make an excellent point, that if I see what charity my gaming is going to, maybe I'd feel a bit better about that, or if I know who I'm supporting, that's where my funds are going?

**Mr Gibson:** It all depends on who's going to decide who benefits the most. It just seems so logical to have money that's being generated in a municipality or an area stay there. With break-open tickets, for instance, you

have a provincial licence that enables a large charity to go into various areas as opposed to just applying locally, but theoretically that money is supposed to stay in that community anyway. If the money's coming out of the pocket of a local person in a local municipality, try to get it to stay there somehow.

**Mr Crozier:** Good afternoon, Mr Gibson, and welcome. I appreciate the fact that several of the government members agree with what you say, and that's good, because if everybody came before this committee and said exactly the same thing, why, I guess there wouldn't be much point in having these hearings. You have your opinion and your feelings from your experience, and that's good.

One thing I'd like to clear up is where you say you are pleased. I think you used these words: "I understand that the government seriously intends to share the proceeds with charitable organizations on a roughly a 50-50 split. This is...commendable...." The split is more like 70-10.

**Mr Gibson:** The figures I heard were \$185 million, \$180 million, or something?

**Mr Crozier:** Yes, that's going to be generated, they say, in new funds. That's what I want to talk to you a bit about or get your opinion on. We've talked a bit about cannibalization, and as was noted by one of the government members, more have come before this committee concerned about the future of break-open tickets to a greater degree of concern than you have been. If I go into the Village Inn in Leamington and they have break-open tickets there now, and six months from now I go in and they have VLTs, which one do you think I will see being accessed and played the most?

**Mr Gibson:** The new one, the new game in town.

**Mr Crozier:** What we've said to the government is — and I think it's a legitimate request — that the government hasn't really any idea what effect it's going to have on break-open tickets in Ontario, and this is what we want determined, because once you've gone down this road and once you've made the change, it's very difficult to come back. That's part of what we're asking. Although I personally may not want to support video slot machines in every licensed establishment in Ontario, because I too like the local charitable emphasis that there has been up to now, my concern is — and you may want to comment — that charitable gaming as we know it is dead if we start into this kind of venue.

**Mr Gibson:** It's an unknown. You've answered your own question, I think. I would hope not. For instance, look at a bingo hall where they've got various types of gaming in the same place. The patrons seem to wait for the bingo caller to finish, and then the break-open tickets come out and they go crazy, a feeding frenzy over them. They also have lottery terminals in a lot of them too so they can bet on Pro Line. I don't know; we're going to see. But if there could be a way — you talk about that bar where a VLT or VLTs are going to come in. Wouldn't it be nice if the same charity that might be losing from the break-open tickets would benefit from the new form?

1710

**Mr Crozier:** The government needs the money. That's our problem.

**Mr Gibson:** Break-open tickets fortunately are really strict as far as what percentages go to administration and everything. The charity gets the money, no ifs, ands, but about it.

**Mr Kormos:** Back in the 1980s, in that BMW decade I recall — maybe it still happens and I just don't get around to that kind of neighbourhood very much any more — from time to time raffles would be a \$100 ticket, any number of hospitals; you'd win a Porsche or a Jaguar and they used to raffle off luxury homes. Those seem to have gone by the wayside where I come from down in Welland-Thorold which, it seems to me just instinctively, is why break-open tickets are an attractive proposition for so many people. You're spending 50 cents a pop; you're not writing out a cheque for \$100.

**Mr Gibson:** But people don't spend 50 cents; this is the thing.

**Mr Kormos:** We're told that the break-open ticket industry is \$1.3 billion. Is that the number we got from one of the participants earlier today? Am I right on that one? Something like \$1.3 billion. We've heard the number also, the government has been touting the number, of \$180 million to go to charities from the slots, which they tell us is 10%. We don't know whether it's 10% of the gross take or 10% of the net revenues after the payout, but let's assume that it's 10% of the gross take. That means they anticipate \$1.8 billion being played.

If the break-open ticket industry is \$1.3 billion and we're talking about a new game in town that's going to draw \$1.8 billion — a quarter, a loonie, a toonie at a time — out of people's pockets, I'm hard pressed to understand. Again, I hear what you said. They're not alchemists; there's not going to be money where there wasn't money before. How can you come up with \$1.8 billion for people, coinage to put into the machines, without taking, I suggest to you, more than a modest amount from somewhere else? I say the logical source has got to be break-opens.

**Mr Gibson:** Yes, because it's the same thing, effectively.

**Mr Kormos:** Yes, same market, same coinage. Do you understand?

**Mr Gibson:** Sure.

**Mr Kormos:** We don't know these numbers. These aren't hard and fast numbers. There hasn't been a single study done by the government to talk about the potential share.

**Mr Gibson:** When I divided this number by 20,000, it came up real light. It didn't look right to me.

**Mr Kormos:** That's low-balling.

**Mr Gibson:** Yes, definitely this is low-balling.

**Mr Kormos:** I come from Welland, 48,000 people. One slot for 550 population is the ratio and that means 87 slots in the city of Welland. That's what they're entitled to, all things being equal. If each slot only brings in two grand a week, which again is low, you're talking about \$170,000 a week from small-town Ontario. We're talking big bucks here coming out of people's pockets. Holy zonkers. These guys are shake-down artists like the mob has never been able to achieve. That's taking a lot of money out of people's pockets.

**The Chair:** Mr Gibson, thank you very much for attending and stimulating the questioning around this table.

#### UNITED CHURCH OF CANADA

**The Chair:** Our next presentation is Rev Susan Eagle, on behalf of the United Church of Canada. Welcome.

**Rev Susan Eagle:** Thank you.

**The Chair:** You're accompanied by?

**Ms Eagle:** John Asling.

**The Chair:** You are on behalf of the United Church of Canada. One particular branch?

**Ms Eagle:** We represent a group known as the Coordinating Committee of Ontario Conferences, which is an umbrella organization for all United Church conferences in Ontario.

**The Chair:** You have 20 minutes. Could you proceed with your presentation.

**Mr John Asling:** If I could, I will begin. As Susan said, my name is John Asling. I am a staff person with the Hamilton Conference of the United Church of Canada and I'm here representing approximately 68,000 United Church persons in my constituency area. Within the Coordinating Committee of Ontario Conferences we represent approximately 300,000 United Church people in that area.

Some of you will recognize the body that we represent today. We're a somewhat liberal church group that has a history of being involved in a number of social justice issues within the province. We attempt to walk with poor people in this province, and I would suggest that we are here today because the issue before you is one that is a social justice and an economic issue. That's our rationale for being here.

We're not here, I would say, unless my colleague corrects me, out of some sense of piety and that gambling is wrong in a pious sense; we're here because we want to talk about how money is distributed and how the poor are taken care of in this province. Susan and I are going to rotate our presentation, which was put together very quickly this afternoon, and I'd ask her to pick up from here.

**Ms Eagle:** John mentioned that it's a rather fast report put together. That's why we don't have copies for you. We got notified Friday afternoon that we could appear today, so we will provide notes from what we have to say to you today.

John said we're not here out of any sense of piety, but we do have Methodist roots in the United Church which has a long-standing tradition of concern for gambling, and I notice that when you combine gambling with alcohol, it really stirs the Methodist roots of those of us in the United Church.

The United Church has raised issues around the concern for gambling for a number of years. We're on record with the most comprehensive resolution passed by the general council of the United Church back in 1977, at a time that the church tried to really explore and understand what gambling was, what it does in not only the lives of individuals but what it does to the fabric of community. Out of that we identified some theological concerns. I'd like to share those with you today.



First of all, out of a belief that every person in God's eyes is of infinite worth and no person should ever be used, manipulated, exploited or hurt by another — we take that from a passage of scripture that comes from Romans, which says: "Resolve never to put a hindrance or stumbling block in the way of another. If your brother or sister is injured by what you do...you are no longer walking in love." It is out of this concern that we raise an issue of who is vulnerable when we engage in gambling and gaming in Ontario.

Another theological perspective, that God's creation is good and that the material goods of this world are to be rightly used and justly divided amongst God's creatures, out of that comes a concern about whether or not we move to a more inequitable distribution of goods and services when we come to rely on gambling as a source of revenue for organizations and groups and even for the government to rely on for providing social programs.

1720

Another theological rationale is that Christian stewardship is accountability to God of all that one possesses, not only in how we possess it but in how we achieve it and how we gain it. Again, it raises issues for us about how people come by material goods as well.

As recently as May, 1996, the London Conference of the United Church passed a resolution in which it unequivocally opposed the introduction of VLTs. So it has continued to be a concern for us in the church.

I want to say that we also are not totally sure why this hearing is even being held and why the government is at this point of looking at the introduction of VLTs. We know that the Liberal Party, we know that the New Democratic Party, we know that members of the government, we know that the Premier himself have expressed reservations and uncertainties about the expansion of gaming activity in the province of Ontario. So it is against that backdrop that we want to ask perhaps the most critical question: Why is gaming activity being expanded in Ontario and what will be the social costs?

Perhaps we're not so much here today with answers, because we agree with all those concerns, as we are here to add our questions to those that are already being asked by those of you who hold elected office. You have heard it said, and I'm sure you've read it many times, that VLTs are the crack cocaine of gambling. If that is a given and if those of you on the committee agree with that analysis, as do many of the experts in gaming across North America, why would there be any attempt to proceed in this jurisdiction with that activity?

It's a little like saying we're being told there's 25,000-40,000 illegal VLTs in the province, therefore legal ones should be introduced. To follow that logic would be to say that if you are actually dealing with the drug crack cocaine, perhaps the government should become a merchant of it in order to deal with its illegality. Clearly something is not making logical sense.

So our remarks today are set against that background of raising questions about the social cost and even the logic, given those kinds of questions that are being raised by people in other jurisdictions. In fact, we have yet to find a jurisdiction that has VLTs that can say that it's the best thing they ever did, the introduction of VLTs into their jurisdiction.

We have some concerns specifically that we would like to raise around the vulnerability of those who become addicted. The government has said that 2% of proceeds will go to dealing with addiction. It's a concern to us in so far as we know that in environment, in health issues, in other ways we have moved to saying we need to be about preventive, not curative, kinds of strategies. Yet here again the government is talking about introducing something and then pouring some money into cleaning up the problem once it's created. Again, it does not seem very logical to us to proceed in that manner.

One of the foundations for us in doing social justice work in the United Church is our vision of community. A vision of community that is biblically based comes out of a belief that we are indeed our brother's and sister's keeper, that we are not called to simply look out for ourselves as individuals, but that we need to be concerned about the wellbeing of our neighbour and, indeed, the wellbeing of the whole community, or the shalom community, around us. Therefore, again we have concerns about anything that diminishes the life of anyone else in our community, even if we are then going to pour money into trying to deal with their addiction later.

We believe that the VLTs will move to a more deteriorated quality of life for us in the community and, therefore, we cannot support this theologically.

**Mr Asling:** As I said earlier, in my own mission and social justice work in the Hamilton conference of the United Church, we have a number of times been in conversation with members and with the Premier around issues such as workfare and the cuts in benefits to the poor in our province. So again I want to use that as the context in which we talk about VLTs.

We believe, as church people, that the government of Ontario has a better way of redistributing income within the province and raising revenue within the province than lotteries or VLTs, any of the kinds of gambling available, and that's the taxation system. So we would ask again that this government might look at taxation, progressive taxation, which allows those who can afford it to pay a little bit more, perhaps some of the larger and wealthier corporations and individuals to pay for more, rather than relying on VLTs and other gambling processes to raise revenue for this community.

As church people, we believe that we all ought to pay our fair share and that the tax system ought to be a progressive tax system. Some of the tax things that I've read in the last little while tell me that the percentage of taxation that the wealthy and larger corporations have been paying in the last 20 years has shrunk whereas individuals, particularly the middle class and lower-income people, their share has increased. We would like to see the tax question addressed, and it may take the pressure off the need for things like VLTs.

We also are very sensitive because some of our own agencies — and I think of the Wesley Urban Ministries in downtown Hamilton, which recently had its opening of a new building — find themselves in quite a pickle because, due to shrinking government grants, they're in a position where they have to look at lotteries and Wintario dollars, that kind of thing, in order to stay alive. So we see that as a continuing problem. While we're

offering proceeds to charities, those charities are struggling to survive. It creates a serious dilemma for those organizations.

So, again, we would rather see, with a fair tax system, more money given to some of these downtown agencies which now end up relying on bingos and those kinds of things, which they know is not a community-building kind of activity. I think Susan is going to raise some other ethical issues at this point.

**Ms Eagle:** A concern we have is that the hearing seems to be premised on the issue of how VLTs will be introduced rather than whether or not they should be. That is a concern for us. We know that last year the now Premier in numerous pieces of correspondence indicated that there would be full consultation before there was any expansion in gambling. It seemed to us that if that was going to happen, one of the questions would be whether or not there should be an expansion, not just how it should take place.

I read too from Hansard Mr Sterling saying, "We will commit to being more careful about the introduction of VLTs in this province than any other of the...jurisdictions which have this kind of gaming in their provinces." A question I have today is, does being more careful include the option of not introducing VLTs? Is that an option before this committee? I would hope it is if indeed you are serious about a full consultation with people in the community.

Finally, we want to say that a concern we have is that we have not really seen any local-impact kinds of analysis that's been done about the cost of VLTs, the cost of any expansion in gaming. There is the issue we've seen raised about dealing with those with addictions, but we know from many other forms of addiction that there are all kinds of other costs to a community that are associated with those addictions. It would be helpful to us if this committee could call on the government to provide that kind of information to the public so there can be full public debate and participation before the government moves ahead.

1730

What we're really suggesting to you today is that as a church we do not support the introduction of VLTs. We would hope that you would not move forward on that, but we would also hope that should there be any further movement in that direction it would be delayed until there is full public consultation.

**Mr Asling:** I would just like to add that even in the dog days of summer, shall we say, I have already heard from a number of congregations in our area. Just in case you think we are not representative today, this is an issue which somehow is catching the imagination of some of the folks in our congregations. They are quite concerned about it. I talked to one minister in St Jacobs, Ontario, who had just returned from a trip down east and saw the VLTs on the ferry system and saw a lot of folks lined up, spending — I want to say quarters, but I hesitate; I think it probably was loonies. It's already an issue that is disturbing a number of our people, so I ask you to hear our concerns today. Thank you for the time.

**Mr Crozier:** Welcome to the committee. Like you, I have here 58 pages of Hansard where the Premier and the

now Minister of Finance I would describe as literally railing against gambling and the introduction of more gambling in the province. In fact, Mr Harris talked in May 1993 about United States jurisdictions that changed the status quo on gambling but only after they held a referendum. He went on to say that they gave the opportunity for the public to voice their opinion before government acted unilaterally and that this should either be done through an election, which he didn't think would be held at that time, nor do I at this time, or by a referendum. I say that to support your comments.

Earlier today we heard from some young people who belong to the Association to Reduce Alcohol Promotion in Ontario. I told them after, because I didn't have a chance to during the formal session, and I'll tell you now that the problem is that I agree with you, and when I say "problem," governments have not had the political guts to do anything about it. It's been easy. Gambling's a real trough of money. It's an easy source and that's what they're going after.

It leads me to this question: How can we rally those people who you represent? You say it's starting, but this just has to be the beginning. It has to be done literally over the next few weeks or it'll be too late. We have to hear from tens of thousands or hundreds of thousands of people how they feel or this is a fait accompli. How can we do that?

**Ms Eagle:** It's a problem when hearings are held in the summer and things are introduced in the summer, but I can say that in my work in the community and in a congregation I'm finding people more incensed about this than other issues. They have not in the past been motivated or gotten stirred up about some issues, but this really is touching some kind of moral fibre in the community that's saying, "Wait a minute, this is not what we want to be about."

**Mr Crozier:** We need petitions and letters and meetings so that they can't say we're being biased.

**Mr Kormos:** I appreciate your comments. A moral perspective oftentimes seems increasingly rare at Queen's Park. I suppose what concerns me as well, and I'm not sure you're going to have enough time to comment, is the spin that's being put on this quick fix — gambling, governments as addicts to gambling across North America, gambling being marketed as entertainment. People are being told: "This isn't gambling; this is entertainment. By pumping the loonies into that machine you're having a good time, and if you don't think you are, we're going to convince you that you are."

The closest analogy, I've got to tell you, friends, is the tobacco marketing exercise in the United States where for decades, and even shamefully after it became clear that the substances were incredibly addictive and incredibly harmful to the individual using it, to the people around him or her or to the community, tobacco companies were still spending billions convincing people that it was a matter of choice, that nobody tells you to smoke two packs a day, and if you only smoke five cigarettes a day, you probably won't get cancer, and that it was still pleasurable, notwithstanding we knew, we read the material. There's some big money involved here and people are being told that it's fun, you're supposed to



enjoy losing money, because it's all about losing and not about winning. I find that disturbing. I fear it speaks something about all of us.

**Mr Asling:** If I could respond very briefly to the comment, there is another quick-fix problem that the church is concerned about, and that is perhaps we're being hoodwinked a little into believing that you can get something for nothing. If this is the only kind of hope this community, which is the province of Ontario, offers, particularly to our lower-income people, it's not enough and it's very false.

**Mr Guzzo:** Reverend Eagle, thank you very much for your presentation. You give us an awful lot of food for thought. I have to tell you that I am one who supports this bill. As a practising lawyer, and indeed as a judge for 11 years, I have presided over many trials and have conducted trials that involve gambling, bookmaking charges where \$300,000 or \$400,000 was bet over a period of three or four hours on the wiretap. We're looking at moving into, in the first stages, operations that are now legal gambling — racetracks and existing Monte Carlos — which will be located in permanent locations.

I also have to tell you that one of the first cases I had as a young lawyer was trying to recover some money for a man who came home one night to find that his wife had stripped some bank accounts and sold some bonds and given the money to a church. I'm wondering, in light of that, whether I should have — and I had trouble and was quite unsuccessful, with very limited success in recovering any of that money. It was over \$130,000 in 1972. I'm wondering whether I should have taken a position about abolishing all religions because of that church, because of the behaviour of that particular operation? Would that make sense to you?

**Ms Eagle:** I think you're trivializing the issue and I would hope that you wouldn't do that on a matter that is as serious as the impact of gambling. When you talk about the illegal aspect of gaming and therefore legalizing it, I'm not sure that carries weight, as I said, in a number of other kinds of areas where we legalize things that are illegal so that somehow we have more control of them.

I look back to the United Church's statements from back in 1977. They listed all the kinds of common justifications given for gambling and lotteries, and nothing much has changed in 20 years in terms of people rationalizing something that they want to get on with doing.

**The Chair:** Excuse me, Mr Guzzo, your time is up.

**Ms Eagle:** I think the time has come for —

**The Chair:** Ms Eagle, I'm sorry.

**Ms Eagle:** Can I just finish my sentence?

**The Chair:** No, no. Excuse me. It's my job to make sure that everyone before this committee is treated equally and has exactly 20 minutes.

**Mr Young:** On a point of order, Mr Chairman: I'd like to make a motion for unanimous consent to let Ms Eagle finish her statement.

**The Chair:** Is there any objection? Fine, you may proceed.

**Ms Eagle:** I guess my last comment is simply that I think we very much need MPPs who are prepared to take a principled stand on this. I think it's really critical that people vote in conscience on this. If governments can't at times take a principled stand, then I think it diminishes the quality of life in our community. We look to governments to give leadership and to give us leadership around what it is to be good citizens. That's why a principled stand on this issue is so critical. Thank you.

**The Chair:** Thank you very much for attending today and your presentation.

**Mr Guzzo:** I didn't really mean to trivialize your position. I respect very much the basis of it and I apologize if you feel that's what I'm doing. But there is an existing situation out there that we have to deal with. Thank you very much for coming.

**The Chair:** I have two questions for the committee. The bus leaves at 8 o'clock tomorrow morning. There are at least 10 of us going, I believe, on the bus. How many are going on the bus? That's number one.

Number two, there can be an arrangement made to fly directly from Ottawa to Sudbury. We will get there at exactly the same time. You'll remember the alternative was to fly to Toronto from Ottawa and then to Sudbury from Toronto, which means changing planes. It takes about four hours. We can do it on Bearskin directly, but we arrive at the same time because the plane leaves a little later. Which would you prefer?

**Interjections:** Direct.

**Mr Flaherty:** Monday night we go to Ottawa and Sudbury?

**The Chair:** Yes. Okay, we're taking the charter then. The costs are the same; there are no additional costs. We're adjourning until 11 am in Fort Erie.

*The committee adjourned at 1742.*

## STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

Mrs Marion Boyd (London Centre / -Centre ND)

Mr Robert Chiarelli (Ottawa West / -Ouest L)

Mr Sean G. Conway (Renfrew North / -Nord L)

Mr Ed Doyle (Wentworth East / -Est PC)

\*Mr Garry J. Guzzo (Ottawa-Rideau PC)

Mr Howard Hampton (Rainy River ND)

\*Mr Tim Hudak (Niagara South / -Sud PC)

\*Mr Ron Johnson (Brantford PC)

\*Mr Frank Klees (York-Mackenzie PC)

Mr Gary L. Leadston (Kitchener-Wilmot PC)

\*Mr Gerry Martiniuk (Cambridge PC)

Mr John L. Parker (York East / -Est PC)

Mr David Ramsay (Timiskaming L)

Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli

Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson

Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston

Mr Gerard Kennedy (York South / -Sud L) for Mr Conway

Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton

Mr Bob Wood (London South / -Sud PC) for Mr Doyle

Mr Terence H. Young (Halton Centre / -Centre PC) for Mr Parker

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service



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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 13 August 1996

# Journal des débats (Hansard)

Mardi 13 août 1996

### Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

### Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
Clerk: Donna Bryce

Président : Gerry Martiniuk  
Greffière : Donna Bryce



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LEGISLATIVE ASSEMBLY OF ONTARIO  
**STANDING COMMITTEE ON  
 ADMINISTRATION OF JUSTICE**

Tuesday 13 August 1996

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO  
**COMITÉ PERMANENT DE  
 L'ADMINISTRATION DE LA JUSTICE**

Mardi 13 août 1996

*The committee met at 1101 in the town hall, Fort Erie.*

ALCOHOL, GAMING AND CHARITY  
 FUNDING PUBLIC INTEREST ACT, 1996  
 LOI DE 1996 RÉGISSANT LES ALCOOLS,  
 LES JEUX ET LE FINANCEMENT  
 DES ORGANISMES DE BIENFAISANCE  
 DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** Good morning, ladies and gentlemen. The committee is pleased to be in the municipality of Fort Erie for the continuation of the administration of justice committee consideration of An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming.

The committee welcomes Mr Hudak, member for this area.

**Mr Tim Hudak (Niagara South):** Thank you, Chair. It's a particular pleasure to have the committee come to Fort Erie, my home town and part of the riding of Niagara South. I'd like to say that I think this recognizes that the government is recognizing the importance of Fort Erie and the interest it has taken in charitable gaming along the border and the work of the charities in the area.

The building you're sitting in, and if you look out across the way with the Leisureplex and the YMCA, I think you're seeing the benefit from the intersection between the fact that we're on the border with Buffalo, New York — we have a great deal of community supports and excellent charities — and the importance of charitable gaming to Fort Erie, to Port Colborne and to the rest of the Niagara Peninsula.

I think what I expect to hear today too is that this community is particularly energized at some of the announcements made in the budget with respect to the video lottery terminals, especially at racetracks and the charity event sites. I expect to see some of that in the hearing today and I look forward to hearing what people in Fort Erie and the surrounding areas have to say.

Once again, Chair, I want to thank you for helping bring the committee here to my home town of Fort Erie.

**Mr Peter Kormos (Welland-Thorold):** If I may, Chair, I would like to express gratitude to Mr Hudak and Fort Erie. Of course, I'm from the neighbouring riding of Welland-Thorold, but I am certainly impressed by the facilities we're in and I know the people of Fort Erie are grateful to the last government for that government's participation in the capital funding of this complex.

**The Chair:** Thank you, Mr Kormos. Now, to the members of the audience, on my right is the government caucus and to my left are members of the loyal opposition and the third party. I would warn the members that the microphones are voice-activated and, I am advised by our technician, are extremely sensitive. You each have a privacy button, but even with that button, though your mike may be dead, conversations can be picked up as far as 15 feet away. So I would ask that you keep your conversations to a minimum to ensure they are not recorded for the purpose of Hansard.

FORT ERIE HORSEMEN'S BENEVOLENT  
 AND PROTECTIVE ASSOCIATION

**The Chair:** We will be proceeding with presentations of 20 minutes each, including any questions, and this morning we will start with the first presenter, Fort Erie Horseman's Benevolent and Protective Association, Mr Bert Simon, director. Mr Simon, I would request that you come up to the table and take a seat. Welcome.

**Mr Bert Simon:** Thank you, Mr Chairman, members, ladies and gentlemen. My name is Bert Simon, and I am speaking on behalf of the horsemen who function at the Fort Erie Race Track and surrounding area.

I would just like to say that this year is the 99th anniversary of the Fort Erie Race Track. This perennial favourite among race fans is strategically located just minutes from the Peace Bridge and is known as the busiest port of entry between the United States and Canada.

For decades this track has attracted patrons from all over the Niagara Peninsula and Buffalo and, in so doing, has become a major player in the economy of the area. It is directly responsible for the employment of 4,500 people, both on track and off, and contributes greatly to the agricultural base in the peninsula.

Like any industry, horse racing is not immune to competition, and in today's changing world one must adapt. As has been demonstrated in other racing jurisdictions in North America, declining attendance and wagering is directly related to competition for the recreational dollar presented by lotteries, casinos and sports betting. We here in Ontario, especially Fort Erie, are not unique. With the introduction of a gaming casino in Niagara Falls and the recent opening of an Indian casino complex in New York



state, as well as our competition from New York state's updating their offtrack betting parlours, it is imperative that Fort Erie Race Track take advantage of Premier Harris's foresight in allowing VLTs at racetracks.

Parimutuel wagering has been socially accepted for many years without serious incident. This is attributed to the tight controls and regulations put in place by federal and provincial authority as well as a secure and regulated infrastructure established by track operators and supported by horsemen's groups representing owners, trainers and employees.

This very infrastructure will adapt nicely with the regulations needed when VLTs are introduced at racetracks. It will expedite their implementation because we have provincially licensed personnel in place, security in place, adequate square footage for proper distribution of VLTs, public safety measures in place and an advertising program in place that can be modified to embrace both horse racing and VLT gaming.

Racetracks in Ontario need some stimulus to recapture their dwindling attendance base, and it has been proven in other racing jurisdictions that have implemented VLTs in casinos that their presence has increased attendance and revenue. This brings us to permanent charity casinos. Fort Erie Race Track has often opened its doors to charity bingo in the past and the community has benefited. The placement of a permanent charity casino on track would further enhance attendance and would provide the local charities with an established permanent location from which to operate.

Although the presence of VLTs and a charity casino will take away from traditional wagering on horse racing, our share of the proceeds from the two will offset this loss and will give horse racing a chance to regain its lost patron base. We have a product that is intriguing and desirable, and if we can attract people to the track, we believe horse racing will once again flourish.

In conclusion, it must be agreed that we are entering into uncharted waters, and what works elsewhere might not work here. We believe that Premier Harris recognizes this and has mandated a governmental review in five years. I trust that if it is detrimental, if any one faction is being drastically compromised by any of these new implementations, a sooner review will be conducted.

1110

Before I leave this chair in addressing this committee there is something that I feel I must relate to this panel. While driving to this hearing this morning from my thoroughbred farm located in the region, I had occasion to pass two pastures that used to house a couple of mares and foals. It was depressing to see these pastures empty and overgrown with weeds. This reminded me that with all the high-tech changes we are trying to implement to help the industry, I cannot lose sight of our grass-roots purpose and that it is mandatory that live racing at Fort Erie remain, and by doing so, revitalizing our thoroughbred breeding base and once again fill those empty pastures.

That is what I have to say on behalf of the horsemen at the Fort Erie Race Track.

**Mr Hudak:** Thank you, Mr Simon, for your presentation today. I think the town and all of Niagara Peninsula

are right behind you. The racetracks need a stimulus, and the stimulus this Bill 75 will provide is probably the key to keep the track into its 100th year and keep it growing even beyond that.

From some of my own reading and my discussions with people at the track — you've seen other jurisdictions try video lottery terminals at the racetracks or other types of games; you mentioned the charity gaming site. Hollywood Park has not had a decline in the handle. I think the handle has actually gone up as more patrons come to the track attracted by the VLTs, but they also take a shot at the horses, learn the game. West Virginia and Iowa are two other states that have seen the total purses I think quadruple.

If we implement this the right way, with the video lottery terminals at the tracks, if you make a pitch for a charity event site, do you think we'll see the same sort of thing at the Fort Erie Race Track?

**Mr Simon:** I believe the industry has that in common. I've had occasion to ship some horses — I personally didn't; my daughter did — they shipped to West Virginia and she was impressed by the fact that purses have increased considerably from a previous visit that she had made since they implemented casinos. Down there they had slot machines as well as VLTs. Yes, I believe that this would be a shot in the arm for the industry. We have to do something to stimulate our base because we're dying a slow death.

**Mr Hudak:** You put it quite well too, quite eloquently. You talked about the empty pastures and fields that you passed on the way here that used to be filled with colts. I think that's something we forget about. It's not just the racetrack itself but the agricultural industry that surrounds horse racing and the breeding and such.

In the other states or provinces that have tried this, has the breeding come back a degree? Can we see those fields filled again?

**Mr Simon:** Definitely. I've raced in Ohio, I've raced in different jurisdictions, and a lot of jurisdictions that have casinos or lotteries in place have established a new breeding program and their funding has been quite successful.

**Mr Hudak:** The bottom line is that Bill 75, the video lottery terminals, is good for jobs in Fort Erie and throughout Niagara.

**Mr Simon:** At one time I had nine brood mares and I used to supply horses to the racetrack. I did it on a personal basis; I didn't sell them commercially, but I raced here, locally, and in Toronto both. Because of the declining base I have cut back to two. As I said this morning, I noticed a situation that was not desirable. I believe that we have to come forth with something, this is the answer and hopefully VLTs will give us the necessary shot in the arm, so to say, that will get this industry back on track.

**Mr Gerard Kennedy (York South):** Thank you for coming today, Mr Simon. I congratulate you in terms of the 99th anniversary and the well-known contribution the track has made. Could you explain to us why there is such a problem for the track right now? What are the causes of that?

**Mr Simon:** I have been involved in this fight for the survival of Fort Erie for quite some time. It's a declining base. We have so much competition from other sources and there are only so many recreational dollars to go around. I believe the industry sat back on its laurels for quite some time and neglected to keep pace with the changing mode of operation. I think once you lose that base it's difficult to recapture it. I believe that with VLTs and charity casinos we can re-establish our attendance at the track. The horse racing industry has a mesmerizing attraction, and with the complement of VLTs I think we can bring this industry back to where it was.

**Mr Kennedy:** When you talk about competition, when you look at the government's plan in Bill 75, it allows them to put out an unlimited number of VLT machines. The body of the legislation deals with making it possible to put them into bars and restaurants on a fairly widespread basis. The government has indicated their intention to minimize that, but they're not going to regulate it themselves; they'll let other provinces set how many we will have here. All we're told is that it will be a lower level than other provinces, but it does mean thousands in bars and restaurants and it does mean, if we follow closely the experience of other provinces, an escalation in the amount of gambling but also some cannibalization of existing gambling.

When you look at that experiences in other provinces — yours is one of the best-known tracks and so on — are you worried about the impact overall on racetracks, not only on your own but in smaller centres, if more of that competition and cannibalization take place? Would you, if you had a choice, like to see VLTs restricted in some way and used for certain purposes rather than this very widespread rollout of them that the government plans?

**Mr Simon:** We have to start somewhere. There no doubt will be some cannibalization. Obviously we will receive some revenue from VLTs. I think we can stand on our own feet once we get people to the track.

**Mr Kennedy:** Are you worried that if people can go to bars and restaurants to play VLTs, that may keep them away from the track? Is that a concern at all?

**Mr Simon:** We have that problem right now. There's a grey area that exists presently.

**Mr Kennedy:** But if those machines are added to by legal machines — in other words, we've found in other jurisdictions that the grey machines simply change their tapes and many of them stay in place. We can only get rid of them with enforcement. If you have a larger number of machines, more accessible, won't that be harmful to the racetrack?

**Mr Simon:** I don't believe so. I think it will complement the other areas and we will have a certain element of people who will frequent bars and taverns, and this is something the government is going to have to regulate. But I think we have to start, and by starting at the racetracks this will revitalize the industry. We're going to have to crawl before we walk. Gradually it's going to have to be regulated at some point in time, no doubt, but I think that's a decision the government is going to have to make down the line.

**Mr Kennedy:** You wouldn't see those regulations being built in at the beginning, for example, if the racetracks were one of the objectives, to make sure they have that benefit? Is it not worthwhile looking at in the beginning? I guess the government's plan is to roll it out quickly everywhere at once. There will be stages but they'll happen very quickly in terms of revenue projections and what the hospitality industry is expecting. Do you think that regulation can happen later on, after all the machines have been put in place?

**Mr Simon:** I believe that could be done. I think that could be implemented. Like I said, we're charting new waters here. I don't feel as though it would be detrimental to letting it ride as it is and regulate it as we proceed.  
1120

**Mr Kormos:** Mr Simon, please rest assured that you're going to have slots at the racetrack. This bill is going to pass like crap through a goose, I tell you, because the government needs the cash. This government, like so many other governments across North America, has become addicted to gambling as a means of generating revenues. They made a promise of a tax break to the rich in the province. They need the proceeds from slots to keep that promise. The racetrack is going to get slots.

The sad thing is that I'm convinced that other licensed places are going to get slots as well: 20,000 slots, one for every 550 population, so in a city like Fort Erie we're talking about over 15 slot machines. If each machine only takes in \$2,000 or \$3,000 a week, and the figures indicate that is a conservative estimate, we're talking about millions of dollars a year being pumped out of the local economy, not being spent at the shoe store, not being spent at the supermarket, not being spent at the department store, not being spent in local small businesses but going into the hands of the government and into the hands of the people who own the slots.

You're going to get the slots. I know the race industry is in trouble, but I'm telling you there's going to be a huge price to pay. I believe this. Others disagree with me. It's like the tobacco industry spending millions in trying to convince people that tobacco is neither addictive nor dangerous to our health. Some people are going to tell you and are going to try to convince others that slots aren't addictive and that slots don't drain money out of a local economy. Go to Louisiana and you'll see the strong anti-slot movement that's been generated by their experience with it. I wish they could be contained to racetracks — I really believe that — I wish they could be contained to casinos and racetracks. Every corner in every neighbourhood is going to have a slot before this government's finished. Good luck to you.

**The Chair:** Mr Simon, thank you for coming before us today.

**Mr Simon:** It was a pleasure. I appreciated the opportunity to express the horsemen's position on it.

## SHERKSTON SHORES

**The Chair:** Our next presentation is Sherkston Shores, Mr Gary Bruno, general manager. Good morning. You have 20 minutes, including questions. I ask you to proceed.



**Mr Gary Bruno:** Thank you, Mr Chair and members of the committee. My name is Gary Bruno. I'm the general manager of Sherkston Shores. I'd like to thank you for the opportunity to speak to Bill 75 and VLTs.

I represent Sherkston Shores, a large recreational resort complex located just west of here on the shores of Lake Erie. We support the idea of VLTs in properly controlled establishments, as well as having VLTs at the local racetrack.

I observed with great interest the televised committee hearings last week which mentioned the negative addictive effects VLTs can have, their potential effects on the sale of Nevada tickets and its subsequent effect on charities.

Certainly we feel that appropriate funding for the treatment of individuals with an addiction to gambling needs to be made available, along with research and prevention funding. This funding should come from the proceeds of VLT gaming. We note, however, that currently illegal gambling provides no funding to help the problem gambler.

Because of the transient and seasonal nature of our business — it's a tourist resort — we see the negative impacts of VLT gaming as being severely minimized due to the transient nature of the user: the tourist. The resort VLT user is much the same as the one-day to one-week Vegas and Atlantic City vacation gambler.

With respect to the appropriate level of charity funding, ie, compensation, to charities whose revenues may decline due to the introduction of VLTs, we suggest that the submissions made by the various charitable groups appearing before this committee be further contacted in order to deal with the specifics of redistribution of the charitable portion of VLT proceeds.

Our two main concerns are much different and are as follows:

Firstly, we feel one of the major impacts of VLT licensing on a resort property is the potential for increased tourist traffic. In our case, where approximately 40% of our customers are of US origin, this influx of foreign tourist VLT gaming dollars will go a long way to building new and improved facilities, while at the same time provide new jobs and increased tourism spending in the area.

We would plan to use all of the proceeds of VLTs to finance future capital improvements and programming on the resort. This income from VLTs I'm sure will be used for similar capital and maintenance improvements at many of the other VLT-licensed venues across the province.

I should note that we have 28 resorts in England, Scotland and Wales and we do have many different forms of gaming, mostly slots and games of chance, and we have not had any problems there due to the fact of their age restrictions and physical controls, in that the buildings are separated. I'm digressing there a bit from my prepared text.

Finally, and a major concern to ourselves, and I'm sure that of other resort operations, is the formula by which VLT machines will be licensed out, as we understand the number of VLTs allowed in a community has a proposed

mathematical relationship to the population within the local municipality.

We would hope the committee and the government would look at the tourist factor when assigning VLTs. For example, if you are located in a municipality of 18,000, as is our case being a part of the city of Port Colborne, does that mean your allotment of VLTs would be strictly based on the municipal population or on the doubling of those numbers during the summer months when our vacation population at the resort may equal the number of people resident in the municipality?

There would be no drain of dollars out of the community but rather an increased amount of foreign and tourist dollars brought into the community. I would ask that this committee recommend special provisions for these recreational resort tourist destinations.

At this time I'd like to thank you for today's opportunity to speak.

**The Chair:** Thank you very much, Mr Bruno. We have approximately four minutes per caucus and we will start with the loyal opposition.

**Mr Bruce Crozier (Essex South):** Good morning, Mr Bruno. Welcome to the committee hearings. I suppose, when you talk about the attractiveness of the destination and your support for the racetracks having VLTs, it's because you feel that assists in your business. Is this correct?

**Mr Bruno:** That's correct.

**Mr Crozier:** But you didn't mention charitable casinos, the proposed 30 to 50 permanent charitable casino sites that are being proposed. How do you feel about those?

**Mr Bruno:** It's our opinion that with the charitable casinos, if it can bring in foreign and tourist dollars and increase dollars into the area, that the adage, what's good for your community can be good for you as a company and vice versa, applies.

**Mr Crozier:** I just want to clarify. You didn't specifically mention charitable casinos and you did the racetracks. I just wanted to know whether you had support for those as well. When you take the number of VLTs that are going to be placed in racetracks and permanent charitable casino sites, it leaves less video lottery terminals available for the 15,586 licensed establishments in the province; it leaves less than one per venue.

So what you're saying is, notwithstanding the discussed number of VLTs per population — I think that was a way of defining how many there were going to be as opposed to where they're going to be located, quite frankly. What you're saying then is the government should place more emphasis on the fact that they should be located in local tourist attractions to be fair to everyone and allow every establishment an opportunity.

**1130**

**Mr Bruno:** I believe if they have an overall ceiling of numbers, then that may allow for some tinkering to assist tourist destinations — the Huntsville area, Muskoka, Trent, Wasaga Beach, that area that has a disproportionate population in the summer months and is a tourist economy. Whether that be via cutting back on the number of machines in a charitable casino or the increase

by an appropriate amount in the province I'd leave to the government and the committee.

**Mr Crozier:** I understand exactly where you're coming from. Obviously you want to support your industry. But what's going to happen? Several things may happen. Certainly there's going to be a lot of competition for these video lottery terminals, particularly if they're kept at 20,000. What I suspect is that we're going to go much beyond 20,000. I suspect there's going to be such a clamour for these from private industry, tracks and charitable casinos aside, that this is only the beginning. Then I'm not so sure beyond that what's going to happen to charities in this province. We've talked a lot about break-open ticket sales. Local charities are part of our concern with the widespread proliferation of VLTs.

I can understand where you're coming from. You're interested in your industry. But I suggest there's going to be a lot of competition, a lot of pressure, and there are going to be a lot more VLTs in this province than you or I ever dreamed of. How that will then position you as a destination nobody knows. As the previous presenter said, we're in uncharted waters.

**Mr Bruno:** If I could just comment, Mr Crozier, one of the things I'm concerned about with that line of thinking, though, is that we don't limit the number of licensed liquor establishments, and yet really the onus is on the operator to run a good, clean operation. From that aspect, we haven't placed the same controls, as has been mentioned, on alcohol or tobacco, yet really it becomes the fact that good operators should keep that under control and bad operators should be so punished.

**Mr Kormos:** Thank you, Mr Bruno. Look, I wish you were right about the location of every slot, that they were new locations where you're taking money from tourists who come there armed, if you will, with a loaded wallet, knowing that they're going to get — that's part of what the tourist industry is all about: getting as much money as you can as quickly as possible out of a tourist. There's nothing inappropriate about it. When you or I travel somewhere else, they're lined up to take our money as well. But the reality is that most of these slots are not going to be in operations like yours which have a large out-of-community itinerant population.

People have been lining up in front of this committee. The hotel-motel association has had presenters and they've been scripted, giving their presentations in town and city after city and throughout the course of the hearings in Toronto. There are big bucks here, billions of dollars, literally billions.

You're right. We already have over 15,000 liquor-licensed establishments in the province. We only have 33 liquor inspectors in all of the province of Ontario. The Ontario Liquor Boards Employees' Union told us that yesterday: 33 liquor inspectors for over 15,000 licensed establishments. We're telling stories out of school, but a licensed establishment could expect a regular inspection once every six years, based on the capacity of our liquor licence board to police, in terms of person-power, those establishments.

There have been warnings about how slots and the huge amount of money they generate attract organized crime. Indeed, the Minister of Consumer and Commercial

Relations delivered a letter — Mr Flaherty, his parliamentary assistant, brought a letter to the committee yesterday saying that a request for proposal had not been issued for the purchase of these 20,000 slots. That letter contradicts what a senior official in his ministry said two weeks ago when that senior official in a newspaper interview confirmed that the request for proposal had been out. I haven't been able to confirm yet information that a Baton Rouge, Louisiana, company is already gearing up for the production of these slots for the province of Ontario.

The first day when the minister was here we asked him whether there were any Canadian suppliers of the slot equipment, and he said, "I think there might be one in Quebec." I took him at his word. He's the minister. I presumed the government had been doing all this intense planning. But — what was it? The next day, gentlemen? — we find out that there's one right in the city of Toronto that has been working with the ministry lobbying.

This is the most ill-prepared proposition that any government — and let's face, I've witnessed a few of them now in my career. I've gone full circle. I've seen them all. It's as ill-prepared a proposition as has ever been seen.

You're the little guy in the total scheme of things. Sherkston Shores, notwithstanding its reputation and notwithstanding its ability to attract clientele who are not local people, is I suspect at the end of the ladder, at the end of the list, because you've got the jockey club, the racetrack industry, the hotel-motel association. You've got the big guns lined up, and they want their piece of the action.

I'm concerned about our communities. I think you know that, you've interpreted it. I suspect at the end of the day you're going to get slots, and I wish you well with them. By God, I hope that the research showing the high level of addictiveness, their impact especially on younger gamblers, I hope that research is proven to be wrong.

**The Chair:** The government caucus, we have four minutes. Mr Flaherty and Mr Maves.

**Mr Jim Flaherty (Durham Centre):** Good morning, sir. I appreciate your being here this morning. I understand your resort is one of Ontario's leading family campground resorts and is quite a benefit to this community in terms of jobs and attracting tourist dollars. That's great.

I have to correct one thing of course. Mr Kormos — and I spend a lot of time doing that at these hearings, but this is our first day here so it's the first opportunity. The inspectors of the Ontario Liquor Control Board inspect about 7,000 premises a year on a spot-check basis, and they should be credited for the work they do —

**Mr Kormos:** How many inspectors are there, Jim? Thirty-three.

**Mr Flaherty:** — to keep our licensed premises decently run in the province of Ontario. I think people should know that so they're not misled; about 7,000 spot checks a year.

**Mr Kormos:** How many inspectors are there?

**Mr Flaherty:** Our friend over here, Mr Kormos, and his friends beside him talk about Bill 75. I don't know if they're against it or for it. It's hard to tell.



**Mr Kormos:** You don't know where we are on it?

**Mr Flaherty:** It's our bill and we support it. Mr Kormos started off in Toronto last week saying, "It's addictive, it's terrible, and we've got to be against it." Then the Addiction Research Foundation expert witness, after Mr Kormos talked about the crack cocaine of gambling, said, "That's an improper term to use."

**Mr Kormos:** What did they say in Thunder Bay and Kenora? They called them the crack cocaine of gambling, Jim.

**Mr Flaherty:** Then he said people can get into all kinds of trouble at all kinds of gambling, but the probability of addiction doesn't necessarily increase with the video terminals. That's what he said. Despite that fact, now we hear this morning from Mr Kormos —

**Mr Kormos:** You guys are so deep in the back pockets of the gambling industry, you're —

**Mr Hudak:** Chair, please. People are here to hear the discussion.

**The Chair:** Mr Kormos, no one interrupted you. I don't know why you want to interrupt Mr Flaherty.

**Mr Kormos:** I was a little more factual, Chair, and I wasn't being a mouthpiece —

**Mr Flaherty:** He's using up our time, Chair.

**The Chair:** No, I'll be deducting it from his time if he's going to act that way.

**Mr Kormos:** — and tell the truth about what ARF says —

**The Chair:** Mr Kormos, if you want to be fair, I would suggest you not interrupt and no one will be interrupting you. Mr Flaherty.

**Mr Flaherty:** Mr Kormos started off being against the bill, and I guess the NDP is, because it's addictive. Then they found out it's not really, it's the same as other forms of gambling. Now I gather from what he's saying it's okay in racetracks but it's not okay in licensed premises. I guess that's what he's saying.

Our Liberal friends, as we travel around the province, say different things. We had Mr Ramsay, the member for Timiskaming, in favour of break-open and Nevada tickets. So I guess he's not opposed to gambling. We have Mr Kennedy, who I guess is opposed to the bill; we're not sure because he told the mayor of Kenora that he supported her and she had a very balanced presentation, and she supported us on Bill 75. That was in Kenora of course; we're in Fort Erie today, so we'll see what we hear today. We're not sure where the Liberals stand and that's because they don't know where they stand on the bill. But we know where we stand on the bill and we're in favour of it.

**Mr Kormos:** How much are they paying you, Jim? What's in it for you?

**Mr Flaherty:** The reason we're in favour of it is that we are a government that faces real problems in our society and realities in our society. The majority of the people in the province of Ontario view video lotteries and other forms of modest gambling as forms of entertainment and of having fun, and we accept that decision by the people in that regard.

What we do say, because of the importance of gambling in the province, and gaming, is that government should take a very controlled, cautious, phased approach

to the introduction of video lotteries, which is indeed what Bill 75 provides.

**1140**

First of all, it's a phased-in introduction of video lotteries in the province. Secondly, we can learn from the other eight provinces and the experience they have had, and we fully intend to learn from those provinces. We're not afraid to learn from some of the mistakes that have been made there and some of the things that have been done right.

We're introducing very heavy fines, \$50,000 and \$250,000 fines, whether it's an individual or a corporation who would have anyone under the age of 19 not playing a video lottery machine but in the area where the video lottery machines are before they even get to play the machine. We're dedicating 2% of the gross revenues, which will be a lot of money. For the first time in Ontario, a government is dedicating a substantial amount of money to help with respect to the question of addiction, something the previous governments have not done when they introduced casinos in the province.

The other point that needs to be raised is that the province of Ontario, with 20,000 video lotteries, will have the fewest number of video lottery machines of any province in Canada on a per capita basis.

I thank you for your comments, sir, particularly about implementation and how we can go about that. There will be further consultation concerning the implementation stage of video lotteries. We know how important it is for the hospitality and tourism industries in the province —

**The Chair:** Excuse me. Thank you, Mr Flaherty. Even with an additional 30 seconds for the interruptions, your time is up.

Mr Bruno, I'd really like to thank you for attending today and for your excellent presentation, and I apologize to Mr Maves. We'll get you next time.

#### ERIE BEACH HOTEL

**The Chair:** Our next presenter is the Erie Beach Hotel, Mr Tony Schneider. Good morning and welcome, sir.

**Mr Tony Schneider:** Mr Chairman, members of the committee, my name is Tony Schneider. I'm the owner-operator of the Erie Beach Hotel located in Port Dover. I'm accompanied today by Jack Lloyd, who is the owner-operator of the American Tavern in the neighbouring town of Jarvis. I also have notes from two other licensed establishments, Capt'n Billy's in Port Dover and the Norfolk Tavern, which is in the act of a sale right now. The new owners-to-be have asked me to express their concerns, which all fall in place with the concerns I'm about to present to you.

First of all, I'd like to congratulate the government for its commitment to introduce video lottery terminals. I think in our province they're needed very much by our business. It is interesting to note some of the misinformation being put forth by some to discredit the government on this issue and as a means to promote their own interest. The Amusement Association of Ontario has sent out a self-serving letter that did not communicate the true facts in an attempt to discredit video lottery terminals in

favour of their own member products. There's a little handout to back this up.

Ontario's hospital industry is one of the province's larger and important industries. Unfortunately, the recession has hit very hard, with sales down 20% and no real turnaround in sight. In the year 1991, our family-owned and -operated business generated sales in excess of \$4 million. In 1994, we generated sales barely over \$3 million. As you can see, we were one of the areas that suffered more than a 20% decrease in sales. In 1991, our payroll was in excess of \$1.3 million. It wasn't much over \$1 million in 1994. Once again, those percentages are somewhat staggering.

In the spring of 1996, our family celebrated our 50th anniversary in the hospitality industry. For the last couple of years we weren't sure we were going to be able to attain this mark, and our feelings of having a 60th or a 75th anniversary celebration are definitely somewhat insecure.

I'm here today to ask you to not only support the commitment made by the Minister of Finance on May 8, but also ask the government to commence implementation as soon as possible for our industry. I'm also here today to put before you substantial facts and information on VLTs.

First of all, VLTs are already here. I understand the OPP estimates there are 15,000 to 20,000 illegal machines in our province. According to some experts, they're siphoning off \$400 million that should be going to the government to fund programs. Illegal machines are costing me and operators like me substantial sales. They're threatening my operation and the jobs of my employees. Ontario has been and continues to be flooded with illegal grey machines. They're allegedly installed for recreational play. Police are aware of the magnitude of illegal play but say they lack the means to make any serious inroads in controlling their use. I pride myself on what I've been able to accomplish as a business person. However, it is patently unfair to expect me to be able to compete against illegal machines. I can't. Video gaming is the new, favoured form of recreational gaming. Independent research reveals that people play on average one or two times a week and spend an average of \$10 and that it's a planned and budgeted event that is viewed as part of relaxing and socializing.

At this point I also have an excerpt from Brandon University's study, which is in your handout. Studies conducted by Brandon University in Manitoba indicate that video lottery players see video gaming as part of an evening's entertainment. It's planned as part of going out and hence is a part of their budget planning process.

We would also like to commend the government on its forethought to dedicating funds towards the development of programs for those with gambling problems. There already are in the marketplace today many forms of gaming. It should be noted that VLTs are, according to research, not any more addictive than any other forms available, be they horse racing, bingos, casinos etc. Data indicate there is a small component of the population susceptible to compulsive gambling. Compulsive gambling, like compulsive drinking, is not a cumulative problem which grows with the introduction of new brands

and types. Gamblers transfer their attention from one form of gaming to another. For example, horse racing revenues have declined substantially from the days when they were the only legal game in town.

Tibor Barsony, the executive director of the Canadian Foundation on Compulsive Gambling, has said, "Prohibition is not the answer; education and treatment is." Dr Durand Jacobs, vice-president of the US National Council on Problem Gambling, said when here in Canada: "The majority of the population has no problem with gambling. For most folks, gambling is just fun and games — but for a small minority who have a problem, it can be devastating and we have to develop programs to help them."

It is interesting to note that research shows less than 2% of the population exhibits the potential to become problem compulsive gamblers. This compares to 6% for alcohol, you should note. However, we all recognize that for some, no matter what the product, a problem can develop. We commend the government in recognizing this fact and moving forward on it.

Despite what you have heard or have been led to believe, the introduction of VLTs in other provinces has proven to be a job creator and a major stimulator to our industry. Only in Nova Scotia, where originally they were allowed in corner stores, was there a problem. Now that they are in restricted locations as per Bill 75, we are not aware of any problems, contrary to what some may want you to believe.

I should also point out that VLTs and the casinos of Nova Scotia are coexisting quite well. A study conducted by Professor Marfels of Dalhousie has concluded no negative impacts. These are two different audiences: one destination, the other drop-in. Based on the experience in those other provinces, VLTs will create thousands of jobs in Ontario's hospitality industry, as well as providing a new source of funds for the industry and the government.

#### 1150

In Manitoba, the introduction of VLTs has resulted in the creation of almost one full-time and one part-time job per business location. As you just heard, a member mentioned 15,000 locations. That totals a lot of jobs. Overlay these numbers in Ontario and you're looking at well over 10,000 jobs.

Prior to the introduction of VLTs in Manitoba, the Manitoba Hotel Association reported that its members were going bankrupt at the rate of about 14 per year. With the introduction of VLTs, that number has dropped to two per year, a drop of over 85%. A recent survey conducted by the association revealed that 65% of its members credited VLTs as playing a crucial role in averting financial disaster.

Another positive spinoff to the local economy is as it relates to the purchase of capital improvements. Construction projects and the purchase of goods and services relative to the operation of VLTs resulted in a boost to the local economy. Each operator spent an average of about \$20,000 to install the machines. That figure translates into well over \$100 million in capital expenditures all across the province.

In terms of an implementation schedule, we urge you to recommend to the government to move into the hospitality industry online as soon as possible. The



minister, in the budget on May 8, said VLTs were being introduced to help stimulate the hospitality industry. This measure is clearly intended to help the industry, but any undue delay could exacerbate the shift in business that will accrue to those who will receive VLTs in the earlier implementation schedule. This will make an already serious economic situation here, and northern Ontario included if applicable, even more urgent. It will also delay the fight against the illegal grey machine market, including bringing the \$400 million plus of non-tax revenues into the government accounts.

VLTs are important to our industry for a number of reasons. Obviously they provide an important new source of revenue to the business. The proposed 10% commission fee is low in comparison to other jurisdictions, which average 16% to 30%, but one that we can live with; 10% of something is better than 100% of nothing, and that's what we're making right now from that type of machine. Because VLTs are viewed by the public as a desirable form of entertainment, they increase the traffic flow; they bring in customers. Customers eat and drink, which creates more economic activity. A byproduct of this new activity is our agricultural sector, as our industry is one of the largest purchasers of Ontario farm products as well as off-farm employment.

VLTs will help save our industry. This is the clear and loud voice of myself and my peers all across the province. The facts support that belief. I and my peers are already licensed and as such are proven, responsible professionals, trained and thoroughly familiar with all that results from the operations of activities for adults, including liability. A healthy hospitality sector through the VLTs means a healthier local economy. A strong and vibrant business reinvests in its business, hires more people, purchases more goods and services, sponsors local charitable and sporting events and pays taxes.

Before closing, I would like to note that, as previously mentioned, VLTs are already in the province. In my case, we had to have a family and staff meeting to decide whether or not to seek illegal machines in order to remain competitive with other locations that offer this form of entertainment. We did not go that route.

I also feel we have had a loss in our American clientele, because of the absence of US dollars in our cash registers. I have a feeling that with the proliferation of gaming available in many states, the cross-border traffic is down.

In September 1994, a business trip took me to Manitoba, specifically a small town similar to Port Dover with tourism and commercial fishing. It was there I had my first experience with VLTs in licensed establishments. As this viewing sparked a curiosity, I went to several locations in the town of Gimli and in the city of Winnipeg, and at no time or in any location did I view anything which could be construed as compulsive gambling.

I would like to take this opportunity to thank you for allowing me your time to make my presentation, not only for myself, but for my business associates.

**The Chair:** Thank you, Mr Schneider. You are accompanied by Mr Jack Lloyd of the American Tavern. Would you like to make any comments, Mr Lloyd?

**Mr Jack Lloyd:** Tony's presentation was about everything that I'd like to see. I've been an owner-operator for 26 years and I think if the VLTs came into effect I'd be quite qualified to get one and maintain and run my establishment the way I have in the past 26 years. For the Jarvis Lions Club I sell Nevada break-open tickets and I find that the money generated from the profits from those break-open tickets goes to Rainbow Lake, Camp Trillium in Waterford and will then be used to put a cottage on that lake for children terminally ill with cancer. I don't find that break-open tickets are any problems. It's not addictive, it's a fun thing, and I don't see any problems with VLTs at the same time. It's family-oriented and goes with burst-open tickets. I think the government can see its way through and develop a licensed industry and have these VLTs. I went through 26 years of ups and downs and would like this licensed. Thank you.

**Mr Kormos:** Mr Schneider, Erie Beach Hotel undoubtedly has the best perch platter anywhere in this province, no two ways about it. I'll drive down there quick as a boo on Sunday afternoon to eat perch, but I have absolutely no interest, and I hope that most of your customers don't, in using your premises to play slots.

I appreciate that you quoted that Brandon University research, the Gfellner research. The Ontario Hotel and Motel Association provided that to all its members. What they didn't provide, though, were the observations that Gfellner made on page 18 of that same study. Notwithstanding that there may be among the general population a 2%, maybe even 3% level of gambling addictiveness among slot players, Gfellner's research at Brandon, Manitoba, indicated that 9.3% of slot players were pathological, addictive gamblers. Gfellner also spoke of the fact that increased accessibility to gambling leads to an increased amount of gambling that will take place and a higher risk of addiction along with the incidence of petty crime.

Mike Harris, back in 1993, said —

**The Chair:** Thank you, Mr Kormos. Your time is up. If we can move on.

**Mr Hudak:** Thank you, gentlemen, for your presentation. I appreciate the Gfellner study. You're right on; you have an excerpt directly from it. It's good science. Mr Kormos is quoting a little selectively from the document. It doesn't say 7% or 8% is high. It makes good headlines but it makes lousy science.

**Mr Kormos:** Some of us have read it, Tim.

**Mr Hudak:** Let me anticipate the Liberals' question as well. They're going to ask you, "Hypothetically, if you could be the only site in Ontario to have video lottery terminals, would you like to be the only site?"

**Mr Schneider:** No, I would not.

**Mr Hudak:** Most people said they would and another competitor said they would because everybody would like it. The difficulty is that the government has to decide: How do we help with the hospitality to create jobs, how do we help with the racetracks to create jobs and how do we help out charities, charity event sites and putting aside VLT revenue for charities? We're trying to create a win-win-win situation, so we put them in at tracks and we put them at liquor-licensed establishments and we put them

at charity events sites. Can the government create a win-win situation so it's job for your business, jobs for the track and good news for charities for a change?

**Mr Schneider:** I think they can. I'd like us to reach the point where I have access to machines as well as people in the business who already have machines. I've really, seriously thought about breaking the law. We discussed it and we decided not to.

**Mr Kennedy:** There's a clear understanding that the hospitality industry has taken a large hit in the last years. I don't think you're saying it's just because of the grey market in video machines, but you see an opportunity here for another form of revenue. Is that correct?

**Mr Schneider:** Correct.

**Mr Kennedy:** In other provinces, governments provide 25% of their revenue to restaurant and hospitality owners and that's what makes them viable there. There's only 10%. This government, let's make no bones about it, is being simply greedy in how it's planning to put this forward. This bill is misnamed, and I believe your industry has been misinformed. Most of this money is going to the government that can't add, because it has to deal with the tax cut it has given to people. Over 80% of the money is going to go back to them, 10% for charity and 10% for the restaurant owner.

1200

That 10% to charity — the gentleman spoke about break-open tickets. A lot of your members do a good service for charity by having break-open tickets. In other provinces they've been reduced by 50%, and to replace that there's a 10% reduction. There's a problem in terms of the community.

Police forces in this province, in Metropolitan Toronto, say that VLTs are a nightmare. In some communities — probably not your own, I'll say — they become excuses for loitering, they become excuses for the drug trade and so on.

Given those kinds of things and given this simple fact that right now — because they've already promised machines to racetracks and charity gaming halls — there'll be one machine at 10% revenue for every two licensed establishments, we need to understand how that will make a significant contribution to the economic support that your establishment deserves in terms of recognition from the government and from anyone else who can help in that regard. How will one machine for every two establishments make that kind of difference?

**The Chair:** Thank you very much, Mr Kennedy. The time allotted for this presentation has expired. Mr Schneider and Mr Lloyd, I'd like to thank you on behalf of the committee for attending this morning.

#### FORT ERIE ECONOMIC DEVELOPMENT CORP FORT ERIE RACE TRACK

**The Chair:** Our next presenter is the Fort Erie Economic Development Corp, Mr John Palumbo, general manager; and the Fort Erie Race Track, Mr Mike Robitaille, general manager. Welcome, gentlemen.

**Mr John Palumbo:** Thank you, Mr Chair. I am the general manager of the Fort Erie Economic Development Corp. We're charged with maintaining and enhancing the

economics and job stability in the town of Fort Erie and have taken the lead with regard to gaming issues specifically in Fort Erie over the last three years, so we've been involved with all aspects of gaming.

I had invited all our stakeholders to attend with me today. Some have chosen to take their own spot, which you'll have later on through the day. Mr Robitaille, the general manager of the Fort Erie Race Track, has decided to stay with me on this issue. As far as sharing my time, he's going to speak for a couple of minutes, after which I'll close up with my comments.

**Mr Mike Robitaille:** I'm the general manager of the Fort Erie Race Track and I'm representing the OJC. I just want to point out a few reasons why the OJC believes the Fort Erie Race Track is best suited to handle this controlled gaming environment and the importance of it. It's extremely important, and I'll get to that in a minute.

Let me just point out a few things. The infrastructure of the property certainly is in place and it's tightly secured. That's very important when you're talking about gaming. Our employees are screened, licensed and under strict regulatory control. Security is another very important item. That's in place. It's been in place for many years. It's a safe place to walk around. You can walk around the Fort Erie Race Track with \$10,000 cash in your pocket and you don't have to worry about getting hit over the head. No one has as long as I've been there.

The Fort Erie Race Track can offer over 200 acres of well-positioned property directly between all of western New York, the eastern United States and Casino Niagara. What a beautiful position to be in. Could you ask to be in a better position? Casino Niagara will probably end up being, per square foot, as busy as any casino in North America, and we're 20 minutes away from it.

The property at Fort Erie is considered by most people to be the most beautiful and well-maintained racetrack in North America, including enormous parking facilities. We can park as many people as you want at the Fort Erie Race Track. This is a showplace, a place that people have been proud of for years, and this is an opportunity for us to make it extra special.

When Bert Simon was up here a little earlier he brought up a very good point, the point I'm mostly concerned about because I have to look at the figures and numbers of this racetrack every day. I'll go back three years to when I first started working for the Fort Erie Race Track. The general manager then was David Gorman, and halfway through the season he was going, "Where did 200 people go?" The next year he said, "Where did 300 people go?" Now I'm telling you I want to know where 400 people went, because that's what we're down consistently every day at this racetrack, and so are the numbers.

I don't know if we can compete, I really don't. If we don't have this, I don't think we can compete and it scares the living daylight out of me. I have a vested interest. I just happen to love this job. I don't want to lose it and I don't want that place to go in the wrong direction.

The history is very thick. There are too many people involved. We're dealing with 4,500 people here, give or take 100, who count on the Fort Erie Race Track for a



living. You tell me how we can compete. Even with the help the government was nice enough to give us or is about to give us, how long does that last? With Casino Niagara 20 minutes away, what's going to happen? What's going to happen to us if gambling comes into the state of New York? It scares me an awful lot.

The OJC's concerned about the cannibalization of it, but in that group some people are more concerned than ever. I'm one of those people. I need it. We need it.

This town is flourishing right now. My God, I walked around this place this morning and I was so proud, and I don't even live in Fort Erie. This is magnificent. Buffalo hasn't got anything like this. They're dreaming about having something like this some day. We could turn this into something that everybody would be very proud of.

The infrastructure is in. We're set to go. We know how the game is played. We understand the mentality of people who like gaming, and they want to gamble. We want to aggressively go after this window of opportunity, because if we get left behind, folks, I don't know what's going to happen. I don't even know if I'll be working here in three years.

**Mr Palumbo:** When you come to Fort Erie you'll get passion when you talk about gaming, because of the approximately 27,000 community and 11,700 workforce, 5,500 are somehow directly or indirectly employed in gaming. That comes from the 4,500 which you heard Mr Robitaille say, from the racetrack and from 1,000 other jobs in charitable gaming in Fort Erie. We've got a 100-year history of gaming, we've got a successful charitable gaming industry here and we are gamers.

The stakeholders in the economic development corporation in the community were aggressively pursuing a commercial casino. We felt we were the correct location. The Ontario Casino Corp did its studies here. Our market is huge. It has the potential to duplicate Windsor's success. Fortune had it that it went to our neighbours up the road, and we wish them the best of luck, but the scenario is that we're into maintenance of an industry that employs over half the people in this community.

From that position, after we heard the news — we were a little taken aback by the news of the announcement of the commercial casino in Niagara Falls — we didn't sit pat. We took all the stakeholders and got them together, including the Ontario Jockey Club, bingo halls and charity casino operators, we pulled them together with service clubs and said: "What do we do? We can't cry about the announcement; we have to be progressive." We put together a case and proposals in order to give us tools to be competitive. What the government has done — the previous one and this one — it put government-run competition 20 minutes up the road from our \$180-million gaming industry in Fort Erie today, so we have to be competitive.

Mr Hudak, our MPP, has been very supportive. He arranged for us to meet with Mr Sterling. At that meeting we presented many options and potentials for us to compete with the increase of gaming that's available and specifically so that we can compete and work together with Casino Niagara. We talked with Domenic Alfieri

and his group; we even have further visions that include Gateway and a product that will enhance all of Niagara, at the same time maintaining the gaming industry here in Fort Erie.

It doesn't take much to see the effect on this community. If you look around, you can see the positive effect of gaming in a community like this. A Coopers and Lybrand study indicated that we had a 1.1-million market within 15 minutes; 90% of that is US. We have a casino going up 20 minutes down the road.

Mr Sterling and this government and our local MPP have given us some of the tools. Many tools we asked for I won't mention, they're not relative to today, but the things we asked for were VLTs at racetracks and permanent charity casinos. We asked for stabilizing the permanent charity casinos so that they would be in one location. This is what our stakeholders have told us they needed to be competitive. We asked for some enhancements to the bingo industry, which is huge in this community; in fact, I would say that we're probably the bingo capital of Canada — \$15 million in wins; \$15 million to the charities and 1,000 jobs in this community that we are determined to maintain.

**1210**

So they've given us the VLTs for the racetracks and we're excited about that because of the potential. The racetrack — Delaware Park gives you a fine example. They went from 2,000 people a day to 10,000 people a day, a huge impact economic-wise to this community, but I hope to give you even more of an impact.

The Peace Bridge is considering twinning. The increase in traffic on that Peace Bridge will create the revenues which will increase trade, create jobs and increase taxes for this government. Fort Erie is the ideal location by nature for gaming. VLTs is in order for us to maintain what we already have, and somewhat enhance it. The Peace Bridge is the only logical entry point into Canada for tourists, on the majority side.

As far as charity gaming sites, it only makes sense that they are anchored down and that they're given the VLTs in order to compete with the gaming industry that's around us.

Just another point, too: We've worked very, very closely with my friends in Buffalo and western New York. In fact, even on the gaming issue we've worked closely with them for the last three years. There's no advantage to one person taking all the advantage, so we've worked with their hotels, visitors convention bureaus and their tourist industry to maximize the effect of gaming here in Fort Erie, gaming throughout all the areas, including bingos, charity casinos and the racetrack.

We support the VLTs in order to help us become competitive, to maintain the industry that we have. We thank you, Tim, for your efforts, and your government in helping us become competitive because, as Mr Robitaille says, the last four years we've been hanging over the falls with our racetrack. It could be closed; it was going to be devastating, in fact, to this community. We now have the potential to revive and get ourselves back on track.

Thank you, Mr Chair, those are my comments.

**The Chair:** Thank you very much, gentlemen. We have two minutes per caucus and we start with the government caucus.

**Mr Bart Maves (Niagara Falls):** I'll go quickly to some questions. Mr Kormos made comment earlier about milk money and shoe money and so on and so forth. Not to belittle those who do have gambling addictions, but the gentleman from Sherkston Shores had mentioned that the resort VLT user, for instance, is much like the person who goes to Vegas and Atlantic City. With the vast majority of gamblers, do they spend their milk money in Vegas, or do they usually have an entertainment dollar, a component? Do they gamble the milk money at the track, or do the vast majority of gamblers usually have an entertainment dollar set aside for this purpose?

**Mr Palumbo:** My understanding is that it's around \$85, and that's what entertainment money is used for. The market is divided up into 20% recreational gamers, 80% gamers that go occasionally over the course of the year and spend roughly \$100, which is the cost of a good NHL hockey game.

**Mr Maves:** I can't talk about the perch, Mr Robitaille, but I will say you're one of the finest defencemen the Buffalo Sabres organization has ever had.

**Mr Robitaille:** I played for all that big money too, I might add, 20 years ago.

**Mr Maves:** Do you believe that at the track you would be able to identify minors and exclude them from the areas with VLT machines?

**Mr Robitaille:** I'd be very concerned about that, because I don't think they have any business being in there, and besides that, that's the law. We do have security in place to take care of that when we have to deal with it right now with the kids who are not allowed to gamble in there. It's something we deal with every day, on an ongoing basis.

**Mr Maves:** Do you think the bill's heavy fines and perhaps revocation of licences — are they appropriate penalties?

**Mr Robitaille:** I'm sorry?

**Mr Maves:** The revocation of licences and the very heavy fines if minors are caught on the premises using these machines, do you think those are appropriate?

**Mr Robitaille:** If not a little stronger. I think it's very important. Whether we have it or not, that's fine. They can put our feet to the coals. I think they should, and be on it real close in the first while and be really aware of what's happening on a day-to-day basis, sometimes hour to hour maybe, for the first two or three months. You bet. I would expect our feet would be put right to the fire and I'd be disappointed if they weren't. I can pretty well guarantee you that I'll make sure the people who are responsible, our security, their feet will be very close to the coals, because we're not going to jeopardize a wonderful opportunity like this, something we were trying so hard to get. We're not going to see it go out the window because of stupidity or just a lack of interest.

**Mr Crozier:** Mr Palumbo, Mr Robitaille, if John Ferguson were still at Windsor Raceway, you guys would be close to having all this wrapped up.

**Mr Robitaille:** I don't even want to hear you bring up his name. I'm still afraid of him. He was that tough. I have nightmares thinking about it.

**Mr Crozier:** Mr Robitaille, would you support the second step of this proposed introduction of VLTs to all the licensed establishments in the province of Ontario?

**Mr Hudak:** That's my question, Bruce.

**Mr Robitaille:** I have a hard time with that question, but let me try to answer it for you. I would expect the government, the people who are in control, to watch it very, very carefully. They might use us for the lightning rod or whatever to really get a feel for where this is going, and if they watch us carefully, almost on a day-to-day basis, for a good amount of time, I think they'll learn an awful lot whether it should continue on to phase 2 or not. Maybe it shouldn't. At that point, if it can't make it into phase 2, I don't know what steps they would take at that point, but use us for an example if they like, and see how it works out.

**Mr Crozier:** That's the most interesting lack of support answer I've received.

**Mr Robitaille:** I'm trying to be honest.

**Mr Crozier:** Sure, and I appreciate that, because you're representing the jockey club and the horse racing industry.

What's the handle been like at Fort Erie over the past two years? I don't mean anything in real dollars, but has it been declining?

**Mr Robitaille:** I'll give you in real dollars. Last year we were averaging — that nice little track over there was responsible for \$1.1 million cash bet every day on that product. This year we're well below that. I think we'll be around the \$800,000 mark. OTB, of course, picks up a lot of that from the restaurants and so on around Toronto, but our figures are definitely down. Our attendance is down a little under 400.

**Mr Crozier:** Which would you rather have, the live betting handle or VLT revenue?

**Mr Robitaille:** My mandate is to make horse racing successful and keep that racetrack open, because we're responsible for a lot of people, or at least we feel that way. What we have right now on hand is a racetrack.

**Mr Crozier:** What I'm getting at is, are you concerned about the cannibalization that VLTs will create on your live handle?

**Mr Robitaille:** Yes, it's a concern. Once again, I guess we're going to have to watch it, and watch it carefully.

**Mr Kormos:** Thank you, gentlemen. I understand your wants; I understand that. There's a whole lot of money to be made in this. It's trite to suggest that.

I also understand — you see, Mr Flaherty mentioned that Dr Room from the Addiction Research Foundation declined to identify slots as more addictive than other forms of gambling. I understand that too, because if I were in a senior position in an organization that receives all of its funding from the provincial government — and a government now, today's headlines, shutting down three more hospitals in Toronto — I'd be careful what I said too. I understand why Dr Room said that. You should know that his colleagues at the Addiction Research Foundation in Thunder Bay refer to slots as the crack cocaine of gambling, as being highly addictive. The Addiction Research Foundation of Kenora — correct me if I'm wrong, gentlemen — referred to slots as being identified as the crack cocaine of gambling.



Let me tell you what it means to a community like where I live, Welland. With its population, with a ratio of one slot for every 550 people, we're talking about 87 slot machines. Let's assume that each slot took in \$2,000 a week, that's \$290 a day. That's \$174,000 a week; that's \$9.048 million a year that ain't being spent at Sue's bookstore, that isn't being spent at Kourou's garage, that isn't being spent in Commisso's or in Pupo's Super Market, that isn't being spent on fund-raising activities for local charities.

In a community like Welland, like so many, like all Ontario communities, hardworking, honest people — to have \$9 million sucked out of that community with a highly addictive form of gambling is a recipe for economic disaster. We don't have a racetrack in Welland. We don't have thousands of non-Wellanders a day coming to the community, as Fort Erie does, to play at the track. We've got hardworking folks — well, some wish they were working but they're part of that 10%-plus unemployment that the province is suffering — who were promised by this government 725,000 jobs. And what do they get? — 20,000 slot machines.

You've got to understand why there's concern out there about the slots. I understand your position. I understand you want to make money; that's your business, and if this government is going to let you make it — and again, the government isn't getting into the slot machine business out of its concern for the racetrack industry or out of its concern —

**The Chair:** Thank you, Mr Kormos. The time for this presentation has elapsed.

1220

**Mr Palumbo:** Mr Chair, just one comment. I'd like to point out to Mr Kormos I am not making money. There's a differential here. This is the OJC. I represent a non-profit organization which is putting forward Fort Erie's position on gaming. So I'm not making any money, Mr Kormos.

**Mr Kormos:** Somebody's got to be making a whole lot of money —

**The Chair:** Sir, to me profit isn't a bad word either. Thank you very much for your presentation.

**Mr Crozier:** The neutrality of the Chair is showing.

**Interjection:** It's about time.

#### NEW PORT CENTRE

**The Chair:** The New Port Centre. The Port Colborne General Hospital, Ms Heather Scott, director. Welcome ma'am. Someone is accompanying you? Perhaps you could identify yourself for the purpose of Hansard.

**Mr Jim Hanna:** My name is Jim Hanna. I'm the program coordinator at the New Port addiction treatment centre. I'm just going to read from my brief and then if you have any comments or questions, feel free.

The New Port Centre is a treatment provider in the area of substance abuse or addiction problems in the Niagara community. Our interest in gambling stems from a consideration of the potential risks to health, mental health and social stability that may accrue as more forms of gambling are legalized. In substance abuse epidemiological research literature a correlation is noted

between availability of substances, disposable income and subsequent substance use. We suspect that this correlation would hold with other risk-taking behaviours such as gambling as well.

Our concerns with this situation are in two areas. We are concerned about the potential impact this may have on a system of care that is presently being restructured. We are also interested in safeguarding the means by which the resources set aside for prevention and treatment reach those in need in the community.

My first point: Problem or pathological gambling behaviours closely resemble those associated with substance abuse. Both present as difficulties experienced by some individuals in controlling impulses in the face of situations that, for them, are high-risk environments. Substance abuse and gambling behaviours share many common characteristics, symptoms and consequences. In addition, substance abuse and other problematic behaviours such as gambling coexist in many individuals who currently avail themselves of our services.

We suggest the inclusion of treatment of gambling problems within the service umbrella of the existing addiction treatment system. As an extant care provider, we have an established infrastructure, trained staff and considerable expertise in the areas of training, treatment, research and prevention of addictive behaviours, including gambling. The increase in the demand for social services would be most easily integrated within the system of care currently available in our community.

The last 15 years or so have seen a shift towards acceptance by government and the general public of gambling as a recreational outlet, revenue generator, and creator of employment from increased tourism and other things. The subtle shift in vernacular from the term "gambling," which connotes potential for problems, to "gaming," which spins towards fun and recreation, is an example of this increased acceptance. Social situations, however, function as systems in which changes in one aspect of the social fabric reverberate throughout the community.

Extreme positions in predicting the potential for social effects, that there will be a dramatic increase in social problems as a result of relaxed controls over gambling or the denial that any problems will accrue, are either alarmist or naïve. It is safe to conjecture, however, that there will be some fallout from relaxed controls over gambling behaviour. Expectancies as to the extent or severity remain at present with those willing to posit their best guess or share their crystal-ball-gazing with us.

Clearly the fallout from relaxed controls will have some direct impact on the demand for service in our community. It is ironic that addiction treatment services are undergoing a rationalization process that might place limitations on the amount of service available directly in our community concomitant with the legislation likely to increase the demand.

Historically, privately funded initiatives and philanthropies have failed to adequately address the demands placed on communities as the result of rapid social change. We are informed and supportive of the government's initiatives in developing rational and cost-effective systems of care. Our hope is that, as social problems

begin to surface after an interval of a few months to a few years, resources will be available to meet the demand.

We're not present to make an argument for or against legalized gambling. Our experience has suggested that focusing on the activity or substance itself is not particularly useful or effective in addressing the problem and in practice often creates a polarization. Although the gaming industry and health professionals have a different focus and interest in gambling, they need not be enemies. Attacks on the gambling business similar to those directed at the tobacco and the distilled beverage industries creates two antagonistic camps with differing agendas. Clearly it is time to work together in searching out solutions for the problems society will face. It is this type of participation that we are seeking from government and the gaming industry.

Having emphasized the need to work together, we would like to commend the government's decision to provide 2% of the VLT revenue towards prevention, research and treatment of gambling problems. This responsible and logical decision is an example of direct partnering of parties with a potential stake in the outcomes, both positive and negative, of the endeavour. Unlike the early days of caveat emptor policies in distribution of tobacco and distilled beverages, we are today keenly aware of the social impact that may accrue from the promotion of activities such as gambling. These behaviours are at once fun, exciting, pleasurable, risky and carry an inherent potential for excess and abuse.

The debate about whether gambling should be banned is a moral issue that will continue to be debated long after the casinos and VLTs are established as social artefacts. We believe that parties with vested interests need to direct some energy away from the moral debate and towards a commitment to finding solutions.

The members of our community, our neighbours and relatives, will constitute the fallout from the social change and create the demand for service. While we applaud the decision for creation of a fiscally responsible means of addressing social problems, our concern is that these resources be safeguarded in legislation and procedure that will ensure as much benefit as possible reaches the front lines. Historically, there are examples of how these forms of taxation and partnerships have worked and failed. We encourage the legislators to consider creating a means by which benefits are protected and can be used to prevent as many individuals and families as possible from becoming unfortunate statistics.

**Mr Kennedy:** Thank you for your presentation. It's good to know that there's been this kind of advance consideration of what VLTs can do. But I see you've been very careful in your language in terms of what you have to say about guessing in advance. Have you talked to some of your colleagues in other provinces about their experience with VLTs?

**Mr Hanna:** Personally, no.

**Mr Kennedy:** Are you aware that British Columbia, for example, using evidence from treatment professionals in Alberta, declined to take on VLTs? Are you aware of that?

**Mr Hanna:** I'm not aware.

**Mr Kennedy:** Are you also aware that after the experience in Nova Scotia, having them in stores as well as licensed restaurants and bars, they withdrew two thirds of the machines there?

**Mr Hanna:** Right.

**Mr Kennedy:** Are you aware that Alberta has capped the number of machines in that province and are you also aware that 10% of the machines have been withdrawn in Manitoba?

**Mr Hanna:** I'm not aware of the numbers.

**Mr Kennedy:** Just two weeks ago, as a result of a study on gambling there. In all of these there are horrendous stories, and obviously they're easily dramatized, but there are stories about some of the impacts. I should mention too that 42 states won't put them in bars and restaurants as well. You say the Gfellner study says — everybody talks about some correlation between the availability of gambling and its increased incidence.

**Mr Hanna:** In the substance abuse literature; I don't know if that work has been done directly with gambling, although it likely may have been. I am quite familiar with this literature from substance abuse which finds that correlation and supports it in a number of studies.

1230

**Mr Kennedy:** What we want to rely on you for as professionals is knowing what we can expect, because we're having to prognosticate. The government has set very ambitious revenue projections for these machines. Rather than choosing to introduce them just in racetracks or casinos, we have enabling legislation here that will put them in bars and restaurants all across the province. We have had dozens of members of the hospitality industry say that it will be enough of them to make a difference. At the current number there's only one for every two establishments, so we've got to believe that a proliferation of those will follow.

What can we say about problem gambling? What can you say in anticipation of what it means for your program in terms of what will happen? Before that, I just wondered if you're aware of this quote from an addictions professional that the government side quotes often. It says:

"There is no provision in the bill concerning a comprehensive strategy of research, public awareness and treatment to deal with problem gambling, as promised in the press package at the time. Instead there is only a provision that video lottery proceeds may be paid out as the government of the day may direct."

I'm wondering, are we able to say that we will have more problem gambling as a result of the increased number of VLTs? Are you able to at least consider that a significant probability? What can you say about that, given your understanding of the literature that does exist about different addictions?

**Mr Hanna:** I think logically you could support that. I'm an empiricist myself, so without actually seeing some sort of study of it, I don't know. But certainly it has an intuitive appeal.

**Mr Kennedy:** Do you think it's incumbent on the government to have a strategy of research, public awareness and treatment ahead of time, before it introduces the VLTs on such a widespread, publicly available basis? We



heard a gentleman earlier thinking that the regulations can catch up. Do you think there is a need to have this prepared ahead of time?

**Mr Hanna:** I think our point in item 3 addressed that. It's our belief that something should be in place as the legislation is being developed.

**Mr Kennedy:** Wanting to just make clear, while you're not injecting yourself into the moral debate, you're also not saying that this shouldn't take place, that we shouldn't look at what the impacts of these are in terms of the community and decide whether we want to draw lines in terms of these behaviours.

**Ms Heather Scott:** That's the point, though, that we have a lot of things right now that we could engage in. We do engage in extensive moral discussions. Where has that got us? We still have alcohol, drugs, tobacco etc here. Had we understood the impact of drugs, alcohol etc and had put in place some safeguards, we might be in a better position today.

You now have this opportunity. We are keenly aware that there will be an impact. Jim is saying: "How much? We're not sure." The laws of nature dictate that availability will increase consumption; we know that. Let's at least try to provide some legislation that will provide the research, training and treatment ahead of time. If we do it afterwards, then I don't believe it's a true partnership.

**Mr Kormos:** Mr Hanna, Ms Scott, I can appreciate that you may not want to get involved in the moral debate, but one would think that you as treatment providers would want to be involved in the public health debate.

**Mr Hanna:** That's why we're here.

**Mr Kormos:** It's not an accident that it's not blackjack tables that the government is proposing legalizing in racetracks, or craps tables. It's no accident that it's slots. We've witnessed over the course of a number of years the sophisticated development of that equipment so that it qualifies for the label of the crack cocaine of gambling.

Gfeller indicates that in Manitoba, as compared to the overall level of pathological gambling, 9.3% of slot players are pathological gamblers. The real kicker is what Frisch tells us, Dr Frisch from the University of Windsor. In his study of adolescents he discovered that 17% — and it's approximately 50-50: half of them are confirmed pathological gamblers, the other half are at high risk. You mate that to the research by Dr Mark Griffiths, University of Exeter in Britain, and you find that slot machines — they call them fruit machines there; you know, the three cherries — have their biggest appeal and their greatest addictiveness for young people. If you read some of the other research that indicates that you have a generation that is culturalized, conditioned with video games etc to respond to the slot machine, I think we have a serious public health risk here. Forget that 2% of Canadians are pathological gamblers; we've got the prospect of a generation of young people becoming addicted in epidemic proportions.

I appreciate that here you are like Dr Room from the Addiction Research Foundation who is loath to criticize slots, like Tibor Barsony, a so-called anti-gambling expert who campaigned against the proliferation of gambling but now finds himself concurring that prohibition isn't the

solution but that 2% of gross revenues, that \$33 million a year that's going to constitute 2% of gross revenues at current estimates, is the way to approach it, because that will go to programs for treatment and research.

That may pay for research and treatment for addicted gamblers. Who's going to pay for the children whose lives are destroyed because of an addicted parent? Who's going to pay for the families that have broken down? Who's going to pay for the greater incidence of spousal abuse which you know flows from pathological and addictive behaviour, whether it's drugs, whether it's booze, whether it's gambling?

You make reference to the tobacco industry and the spirits industry. Those bastards spends millions, billions of dollars a year, notwithstanding the hard data, convincing young kids that it's still cool and chic and trendy and okay to drink, and that it's still cool and chic and trendy and okay to smoke. Just like the Ontario Lottery Corp distributes their glossy pamphlets encouraging people to buy lottery tickets — they do, two for one — the slot gambling industry is going to have as its purpose and its focus encouraging people to play more and more.

I'm sorry. Some members of this committee have tried to somehow create the addict as the other, but I say to you, and perhaps this is the question, that anyone in this room is as capable of becoming an addict to booze, to drugs or to gambling. Some may have higher propensities. I say to you that none of us is immune. This is not a moral issue; it's a public health issue.

**Mr Hudak:** I'd like to welcome the New Port Centre to the hearings. I met with you about a month ago. We had a very interesting and productive discussion, and to no surprise to me, this is probably the most professional and objective report I've seen on this topic.

It's interesting to say too that when confronted with this sort of report, you get a five-minute lecture in exchange. You're the professionals, so I'm going to ask your opinion on it instead of giving you a lecture. I'm not a professional. Mr Kormos is not a professional. You're the professionals in this area.

**Mr Kormos:** Try reading the research and maybe you'll learn a little about it.

**Mr Hudak:** You make some interesting points too. You say that the dramatic increase that's alleged in social problems is either alarmist, political or naïve; that focusing on the activity or the substance itself is not particularly useful or effective in addressing the problem and in practice often creates polarization, another good point; and direct the energy away from the moral debate and focus on the issue.

I appreciate your salute to the government for providing 2% of the VLT revenue towards prevention, research and treatment.

If I may really quickly, the Fort Erie Times — Mike Wales is here from the Times; Mike Robinson was here earlier — puts very succinctly about how the hyperbole gets us away from the issue. They say, "We find it interesting that Mr Kormos's NDP buddies, who introduced slot machines, blackjack, baccarat, money wheels and roulette to our province, object to VLTs."

**Mr Kormos:** Wait a minute. Who voted against the casino legislation?

**Mr Hudak:** "If they are indeed the crack cocaine of gambling, then what are the slot machines? Would they be called the powdered cocaine of gambling? Would roulette be the heroin of gambling, blackjack the speed, baccarat the hashish?" and we work our way to Pro Line and Lottery 6/49.

**Mr Kormos:** Unlike Mike Harris, I've been consistent in my position.

**Mr Hudak:** The fact is that there is a lot of gambling in Ontario. Gambling addicts are something we should be serious about, whatever poison they choose. It doesn't matter if it's VLTs, if it's slots, if it's roulette. Do I understand correctly your presentation, that the thing is to treat the addict and be responsible for this? Does that follow? Could you sum that up for me?

**Mr Crozier:** Ask them if they'd like VLTs, Tim.

**Mr Hudak:** Is the way to go about funding addiction setting aside the 2% to treat the addict, no matter what game they choose, instead of focusing on prohibition?

**Ms Scott:** That's correct. Our point is that there will be some fallout. Let's not put it behind. Let's bring it forward. Let's deal with it together instead of creating two different camps. Accept it.

The argument can be either way. I was just saying that the moral issue is not a productive way of addressing what is very real for us, what we see every day. We want to protect that in the future as well, so yes, we are interested in the public health issue. We're also realists. Gambling is going to go on whether you legislate it or not. That's a fact. Drugs and alcohol are going to go on whether they're legislated or not. It's up to us to be neutral about it and to do the very best we can to help our individuals at risk and our communities as well. That is our stand on it.

**The Chair:** I'm sorry, Mr Flaherty, the time is up. I thank you very much for your presentation here today.

1240

#### DELTA BINGO GROUP OF COMPANIES

**The Chair:** If we may proceed to our last presentation before lunch, Delta Bingo, Ms Darlene Bergsma. Welcome. I'd ask you to proceed. The clerk will distribute your written brief.

**Ms Darlene Bergsma:** Good afternoon. My name is Darlene Bergsma, and I'm here as the chief compliance officer for the Delta Bingo Group of Companies. I'd like to take some time to express our opposition on the new amalgamation of the gaming commission and the liquor control board with respect to the proposed VLTs and compliance issues.

We have recently been asked by the Gaming Control Commission to undertake a series of steps to ensure that our businesses and the staff employed meet all the requirements of the terms and conditions set out by the province. Our costs? We've had to provide accountants to perform full audits, hire a compliance officer to be responsible to educate and train all of our registered staff for all of our locations and have legal counsel on board to help prepare all the necessary documents for the compliance reference book that would be distributed to all of our registered staff in all of our locations. All of

these things that were asked of us were at our cost, and we have successfully accomplished most of these issues.

When we were asked to perform these tasks, we were promised a contact person within the gaming commission who was well versed in all the rules and would be available at any time to directly deal with us on issues of concern that we may have. This would allow us to fulfil all the issues required by the terms and conditions. At this time, we were informed that our contact person would be Ms Jasmina Milanovich. We had been working closely with Lynne Bertolini and her legal counsel, Don Bourgeois.

We had sent out a series of questions to Jasmina Milanovich and Lynne Bertolini. These questions are the material that you have received. I hope at some time you will have the opportunity to review these questions. I believe it may help give some insight to the ongoing issues that we deal with on a daily basis.

The first letter, dated May 28, 1996, to Jasmina Milanovich, was an introductory letter with approximately eight questions and an attempt to let her know who we were and where we hope to go in the future. The second series of questions were sent to Lynne Bertolini for a response. We had arranged a full-day seminar for training purposes, with qualified speakers, which both Lynne Bertolini and Don Bourgeois agreed to attend. A couple of days prior to this seminar, we were informed that they would not attend because they were busy with the new amalgamation of this office. These are the types of things that happen all the time in the industry.

To the first letter, sent in May to Jasmina, I received some responses by telephone two months later. Jasmina also attempted to answer the list of questions for Lynne Bertolini. At the end of our conversation, she politely informed me that she was going on another assignment the next day and that in the future I would have to attempt to reach her staff or perhaps go through the RGSO if we required any further assistance. Absolutely no disrespect is intended for any staff member of the gaming commission, they all seem to have huge workloads, but this creates major problems when attempting to reach someone for answers. If you call the office on different days with the same question, you'll receive different answers. Now comes along a new office with extra functions.

How do you propose that we are to keep on top of all of the issues required by the new alcohol and gaming act? Under the current system, it takes weeks and possibly months to receive a response by telephone. I have no idea how long it will take to receive a response in writing; I've never received one. It becomes increasingly difficult to deal with all the compliance issues. On top of these difficulties, each municipality interprets the terms and conditions differently and adds on additional bylaws to those terms and conditions. When attempting to deal with compliance issues in all the cities, the municipalities are so very different you feel like you're banging your head against a brick wall.

This is a competitive industry. We need to have guidance, we need to have consistency for all and we need to have a fair and level playing field for all. We definitely need to have contact people who can respond



quickly and accurately. All of these things are a must if we are expected to continue to meet the required terms and conditions set out by the new Alcohol and Gaming Commission.

In closing, please remember that all of these locations are licensed entities and have been since the enactment of the Gaming Control Act, and the charities running in these facilities generated over \$25 million for charity in the 1995 calendar year.

If the VLTs are something that you must license, it would only seem fair and reasonable that the bingo industry, with its established clientele, be considered at the top of your list and not an afterthought. Thank you for your time and attention.

**The Chair:** Thank you very much. We have approximately three minutes each. Mr Kormos.

**Mr Kormos:** I will decline. I was dealing with Ms Scott and I didn't have a chance to read this submission.

**Mr Flaherty:** Thank you for your presentation this morning. I want to comment about the municipalities and the role of municipalities in a moment. I haven't had a chance to read all of this. I read as much as I could while I was listening to you at the same time.

To the extent that these answers from the Gaming Control Commission are not complete or satisfactory, I will certainly undertake to you, as the parliamentary assistant to that ministry, that I will get answers for you that are complete and satisfactory.

With respect to the role of municipalities — and I see that some of the questions here relate to that — and differing interpretations of bingo rules by different municipalities, we're dealing with Bill 75 here, but I don't — that's no answer, and you want some sort of answer, I'm sure.

Video lotteries will not be subject to opting out by municipalities or to rule setting by municipalities. They are lotteries, and lotteries are run by the province of Ontario and will continue to be run by the province of Ontario. So in so far as we're dealing with video lotteries, they will not be subject to municipal rules or municipal dealings in that regard.

As you know, the legislation also creates charity gaming halls which are designed to get some control over these roving Monte Carlo nights, which under the previous governments of the members opposite here started off as one night and then grew to three nights, and have proven virtually impossible to regulate properly because they're moving around all the time. We want to get control over that too as a provincial government. We're facing up to these problems; we're not avoiding these problems.

If we have persisting problems in the bingo area — and you have certainly pointed out a few of them — as I say, you have my undertaking to give you adequate answers.

Are there any other items you wanted to raise concerning the bingos?

**Ms Bergsma:** We just want to make sure that they are aware of the problems that are currently with the regulated business now, and bigger doesn't necessarily mean that it's going to be better. If you put all of these things together and you attempt to regulate them, we're already

having difficulties keeping things reasonably regulated to the point where if you have a problem you need to have somebody that's going to be able to help you. They're all licensed entities, and if the VLTs are not at least part of the thought for bingo, then they're definitely going to rip the hearts out of the charities that are running a bingo.

**Mr Flaherty:** There certainly would be nothing stopping any bingo hall from applying for a charity gaming hall, as a permanent charity gaming hall. As you probably know, under the legislation the concept is that there'll be permanent charity gaming halls which we can regulate at permanent locations around the province of Ontario. There will be further consultations about where they should go or where they shouldn't be, how large they should be, and which charity should participate and how you define a charity, those sorts of things. There will certainly be further consultations, and the government's undertaken to do that.

I should mention that the Gaming Control Commission has a history of hiring more regulatory employees as gaming activities in the province have increased, and they will be increasing pursuant to Bill 75. Right now, as some of the opposition members have mentioned, we have 33 liquor inspectors, but in the gaming side, by the end of the month, there will be 66 inspectors. So we'll have over 100 inspectors in the new Alcohol and Gaming Commission, which again is important because of our government's commitment to control cautious introduction of video lotteries into the province.

**Ms Bergsma:** So with the extra inspectors you're telling me that there's going to be the availability for extra help in this industry to get the answers and to get the help that you need?

**Mr Flaherty:** There should be, and if you don't get the right answers you call me and tell me and I'll get you the answers.

**Ms Bergsma:** And are the bingo halls on the top of the list? I haven't heard anybody mention bingo halls. The charities that currently run in bingo halls are generating, just in the Niagara region, \$25 million for charity. If you end up completely forgetting about them, it's going to destroy those charities.

**Mr Flaherty:** Just the opposite. To the extent that we're talking about charities, Bill 75 will result in the charities — not operators, charities —

**Ms Bergsma:** That's what we're talking about.

**Mr Flaherty:** — receiving up to \$180 million more than they receive today; from Monte Carlo nights the income alone 10 times more under Bill 75 than they are currently receiving —

**The Chair:** Thank you, Mr Flaherty. We most move on to the opposition caucus.

1250

**Mr Kennedy:** I want to correct some of the member opposite's math to you because I think it's a bit confusing, but before that I'd like to hear from you about how many dollars now the provincial government gets from the take from the bingo halls in Fort Erie.

**Ms Bergsma:** If you're talking licence revenues just in the Niagara region, you're talking in excess of \$2 million in licensing revenue. So if something happens to the bingo industry with all of those charities and the license

revenue, if they end up completely losing, all of that money that the municipalities are getting is gone as well.

**Mr Kennedy:** The provincial government gets?

**Ms Bergsma:** They get a percentage. They get the whole amount that each individual hall has to pay. Each individual hall, depending on the amount of events that they have and whether they sell Nevada tickets or what not, they have to pay over \$12,000 annually to the provincial government in licensing fees, not including the licence fees that are charged to the actual registered staff that works in the building. That goes directly to the province as well.

**Mr Kennedy:** But the vast majority, you've given us some indication and we heard earlier from the economic development office something like \$50 million in Fort Erie is given out in prizes. Is that correct?

**Ms Bergsma:** In prizes, yes.

**Mr Kennedy:** Then some \$15 million to charities?

**Ms Bergsma:** That's just up in this area, I would assume.

**Mr Kennedy:** I'm wondering if this is fully understood, that the payouts for the VLTs are much lower. They are higher per machine, but they end up being much lower so more money gets taken out of the community, probably about 50% of the money gets taken out and the return to the charity operator in the budget is 10%. Only 10% is going to the charity and then another 10% to the establishment from the VLT.

I'm just wondering what you think about what is happening here in terms of the government taking over community gambling for its own revenue, because that's essentially what you have when the government takes most of the revenue for itself where it currently doesn't.

**Ms Bergsma:** We are concerned because we already have the clientele. Those are the types of people who perhaps will play VLTs. So if you come in and you lose 25% off the top, if it costs something like an 80% bottom line, that ends up being lost to the actual charities themselves because the prize board still doesn't change and we're just bringing in less dollars and less money is getting to the bottom line. So if you take thousands of charities that run across the province in bingo halls and you take their heart right out because we have the same clientele in the bingo hall — we have the demographics for it. It's already established there. You go in and you take all of those out of there and it just completely will destroy those thousands and thousands of charities that have been operating for years and years and years, plus now you're looking at the loss of revenue to the municipalities and the province.

**Mr Kennedy:** Were you consulted by the province ahead of time?

**Ms Bergsma:** No, we were not.

**Mr Kennedy:** Based on what you've described to us today, do you have confidence that the government is ready to handle this vast expansion in terms of putting them in every bar and restaurant and 15 other locations?

**Ms Bergsma:** On a compliance issue, I do not. I'm sorry.

**Mr Kennedy:** In terms of the impact on charities, do you feel that your beneficiary charities are going to be able to withstand the challenge that will come? We're

making gambling officially legal. They'll have to apply to the government, to the Ontario Lottery Corp to get the money they used to get in terms of bingos because elsewhere in the country when they've brought in VLTs, bingos have been cannibalized in terms of revenue.

**Ms Bergsma:** Absolutely. In St Catharines alone we had a new hall open up and that's hurting enough of the organizations, never mind to have VLTs in bars and here, there and everywhere. There's just no way in the world that they'll survive, and if they don't survive — they have the revenue. Again when I think about the licence revenue for each municipality, that has allowed the municipality to obliterate most of their grant lists and do all kinds of extra stuff with that money. So if the charities aren't there, how many more charities are going to be knocking on the government doors for help now?

**Mr Kennedy:** I wonder what you think of the title of this bill. It's called An Act to regulate alcohol and gaming in the public interest, to fund charities.... Do you see that in this bill?

**Ms Bergsma:** I'm sorry, I don't.

**The Chair:** Ms Bergsma, thank you very much for your presentation here this morning. We are going to be adjourning until 2:20 this afternoon and you can leave your documentation here. The room will be locked, according to the clerk.

*The committee recessed from 1255 to 1420.*

#### JOE'S PLACE

**The Chair:** Our first witness this afternoon is Mr Joe Ruicci. Welcome, sir.

**Mr Joe Ruicci:** Thank you very much. I appreciate the opportunity. My name is Joe Ruicci. I live in the city of Port Colborne where I presently own and operate a nightclub known as Joe's Place. I've been in the business there for the last three and a half years. Prior to opening my club, I worked for many years in management positions for a variety of companies in industry; 25 years in industry, always working for someone else.

When I turned 40, in 1991, I had been employed at Union Carbide for four years and received a layoff notice along with many other management staff. The layoffs were the effect of reductions of management staff due to restructuring of the company in an effort to cut costs. I was too young, and financially unprepared, to retire. I was tired of working for others in a factory. These were the two factors which prompted me to look at opening a small business.

The reasons for opening a nightclub in particular were numerous and at this point of little importance. The fact remains that I did decide and did open a small business, a nightclub. Through the course of the next few years I encountered many barriers that made doing business a difficult task. If you will bear with me, I will mention those that I feel are hurting our industry most.

Financing is next to possible to get. The food and beverage industry has a high rate of failure, making investment almost non-existent for new entrepreneurs.

The high cost of liability insurance, due to the fact that owners and servers are held highly accountable for other people's actions.



The high provincial sin taxes on alcohol and the introduction of the GST cut right into the owners' profits.

Bar owners, unlike other retailers, are not allowed to purchase at wholesale prices and no savings can be achieved through bulk purchases. We buy at the same price as the average consumer, making our product too costly for the average person once we factor in our overhead.

Unlike all other retailers, we are not allowed to advertise our prices, although our American competitor can advertise in our newspapers and radio stations without worry.

The high cost of labour due to continual increases in minimum wage and payroll deduction taxes.

Governments that continue to try and legislate the industry with stupid and archaic laws, as we have recently witnessed in Toronto with the new anti-smoking law.

Restrictive hours, not being able to do business when the customer most wants our product. Although we have seen some good movement in the relaxation of hours, it really does not go far enough.

The carefree way that special-occasion permits are handed out on a regular basis that creates situations where non-profit organizations are competing with taxpaying business people. The non-profit groups can afford to keep their prices low.

Laws which do little to put illegal, unlicensed booze cans out of business.

The sad state of the economy in the last few years with the high incidence of employment has reduced the amount of entertainment dollars available.

There are many, many more items on this list. So what's a bar owner to do? He does have a lot of options open to him, including — and I don't think you'll agree with these, but the options are there — sell illegal liquor; don't report all the sales; sell drugs; support prostitution; hire only very casual workers, under the table; sell after hours; sell to minors; illegal gambling; do business by all the rules and possibly go bankrupt; legal gambling.

When a person has invested all of his or her hard-earned money and he and his spouse worked to the bone to scratch out a meagre living, and the prospect is at hand that they may lose everything, sometimes all those options become viable. It doesn't matter at that point that these are mostly illegal activities. People do desperate things in desperate times. We see it more and more every day.

Personally, I prefer to do business by the rules. That's the way I was brought up. Should I be the one who succeeds or fails? More and more we see the honest guy lose it all while illegal operations go on raking in tax-free dollars, and do so seemingly immune to prosecution.

I have a small room in my club which is licensed for 23 people. This is a side room to the main room. I would love to be able to put 12 games of chance in this room for my patrons. I believe that creating this situation in my club would be financially beneficial to the club's overall fiscal health. Of course, that is if you the legislators don't fall into the same frame of mind as the governments of the past, which beat up on the food and beverage industry; that is, to use us as tax collectors and not allow us to

participate in the reaping of the financial rewards that will be recognized.

Here are a few suggestions of what I think the government could possibly do.

Do not make the price of licensing so high that only the more prosperous establishments can afford to have them.

Share the wealth equitably with owners so they can afford to put the machines in upscale environments and afford to put in proper controls to prevent minors and other people with addictive personalities from participating in this particular situation.

Do not complicate the owners' lives more with complex filings and bizarre regulations. Keep it simple.

Don't cut out the middleman, the vending machine operator; otherwise you may find that some will become your prime competitor.

Don't make things so restrictive that it invites the breaking of laws to earn a dollar.

Make appropriate changes in the Liquor Licence Act which will allow us to do business in a more realistic manner while accommodating the introduction of gaming machines into our environment.

The government should work towards forming a partnership with the food and beverage industry rather than the adversarial role of master and tax collector that it now plays.

If these items are addressed, or at least if it becomes a win-win situation for all, then all I can say is, let's get on with it, let's do it. If your course, though, is one of restrictive policies and greed, then I say scrap the whole idea. Don't create another bureaucratic nightmare that we will all live to regret.

Thank you very much for your patience and indulgence. I'm open to any questions, if you have any for me.

**The Chair:** Thank you, Mr Ruicci. Mr Kormos, three minutes.

**Mr Kormos:** I want to tell you people, and I'm sure other folks from this area will confirm this, Joe's Place is not some crummy sawdust joint. He's taken a location in Port Colborne, and I've been in there several times. We're talking about a small business person here. I recall when a family in Port Colborne had a sad tragedy, Joe's Place was there with a fund-raiser raising money for that family. He's brought live entertainment, which is a rarity in his business nowadays. Some of you might remember the Imperial Room at the Royal York. That's dark now, because the nature of the industry doesn't permit that type of entertainment. But Joe's Place has brought international blues and jazz performers, quality performers, to Port Colborne, attracting a whole lot of American clientele because of the quality of the music.

Mr Ruicci, I've got to tell you, you know what my position is on the slots. I think they carry with them far more social dangers. It's my view; it's not shared by the government. It's my view that the government is using you and others like you as patsies because it's them that need the money. You just happen to be there and if they can bring you on side saying, "We'll give you a little piece of the action," that will bring you on side.

You've addressed some far more fundamental issues, and I don't disagree with any of the propositions you've made. That applies to every government and, quite frankly, any level of government, because the stumbling blocks are across the board. I think you've brought insights, though, that transcend the issue of slots because there are far more concrete things that have to be done to make people like you capable of succeeding than merely the introduction of slots. I've got to tell you, you haven't persuaded me to support the slot proposition, but I think the things you've said here have been relevant about the role of small business people.

**Mr Ruicci:** I'm not here to convince you one way or the other about anything.

**Mr Kormos:** I'll keep patronizing your place, and you can count on the patronage of myself and the friends and the other people who've referred to Joe's Place, and I urge others to as well. I'm not going to support you in your bid for slots, Joe. Sorry.

1430

**Mr Flaherty:** It's a pleasure to meet you. I hope to get a chance to see your restaurant-nightclub at some point.

We are trying to be pragmatic on the government side of this — cautious, careful — in the implementation of video lotteries. We are not about to tell the majority of people in Ontario, like the neo-prohibitionists across the way here, how to live and what kind of fun they may or may not have. If the majority of people view some moderate form of gaming as enjoyable entertainment, then let them enjoy it. We know from the studies in Ontario that the average VLT player plays once or twice a week for 30 minutes at a time and spends about \$10 each time and, maybe more important, sticks to a pre-determined gaming and entertainment budget. That's pretty moderate and modest behaviour, I think, and we need not attempt to reinstate Prohibition with respect to gambling.

One of the points you raised about being pragmatic was fewer regulations for licensed premises. We do have a red tape commission which our government started. It's very active, it's very busy. Frank Sheehan, the MPP for Lincoln riding, is at the head of the commission, and any comments you have concerning how we could streamline the regulatory process, send them to any one of us here or you could send them to me or we'll pass them along to Frank Sheehan and make sure they're given attention.

**Mr Hudak:** Joe, good to see you again. I'm glad you could make it to the committee. Like Mr Kormos, I just want to salute the establishment you've put together in Port Colborne. It's some of the best blues music around, and I'm proud to be a patron of that establishment.

I'm glad too that you took the time to bring up some of the issues we've discussed in my office with respect to the government regulation of your business. Like Mr Flaherty said, we've moved on a few issues under red tape, or through Mr Flaherty and the minister's office we can make sure that our establishments are as competitive as they are, especially in border areas.

I have one quick question. Do you anticipate that the type of customer you're going to have at your establishment who may play a video lottery terminal is going to be somebody like a high-stakes gambler who's going to

chain himself to the machine, or do you think somebody who comes in there to hear the music might throw a couple of bucks into the machine?

**Mr Ruicci:** Basically, you are going to get some fanatics. You always do, even if it's a pinball machine. People get addicted to them, let's face it. Video games throughout time have shown they have a tendency to draw people in. And you always have addictive personalities, people who drink too much, smoke too much, eat too much. It's just the nature of North America, I believe.

But in my particular situation, I believe what we're going to see is not that it's going to replace what my club does now; it's just going to be another attraction. It's like Niagara Falls. It has the falls, and if it has nothing else to draw them, they can look at the falls for 20 minutes and then they're going to move on to somewhere else. I believe it's just going to be an accent, an added attraction.

But here's the situation, and I've got to stress this. If you stick them in every corner store, you're going to have a problem because you won't have regulation. I believe you don't want minors participating; I don't want minors participating. I don't want people who are blowing away their welfare cheque.

It's the same situation with alcohol. The problem is this: With the alcohol situation, the bar owner right now can't make a buck. So if the only customer walking in that door sometimes is a 17-year-old kid who looks like he's 19 and it's an opportunity to pay his rent, he's going to jump at it. That's because you're regulating the hell out of us and you're not allowing us to make a profit.

The same situation comes up here. If we're allowed to make a buck off it so we can decorate the rooms appropriately, don't have to put them in a corner in the basement, and we can afford to put the staffing in there to regulate the people, the minors and those people, then you're not going to have a problem. You'll have a problem if you insist on taking all the money. It's great that the government will prosper from this and it'll all come back to us, hopefully, but don't use us to be tax collectors. That's the way I feel now; I feel abused as it is. Don't tempt me, don't bait me with opportunities to make more money and then just tighten the screws. Some of the rumours —

**The Chair:** We have to move on, sir.

**Mr Kormos:** I'm not sure we did Joe any favours by telling everybody that Tim Hudak and I are patrons of his place. We don't go there that often.

**Mr Ruicci:** We don't discriminate at all.

**The Chair:** Mr Kennedy, you have the floor.

**Mr Kennedy:** I'd like to give you a chance to finish what you were saying, about what you think is happening with the government, the rumours you hear.

**Mr Ruicci:** Here are the rumours. We deal with game machine operators, and they're concerned. There may be some game machine people here. They're concerned that first of all you're going to cut them right out of the picture, so you're going to knock out a whole segment. The word on the street is that you're going to put a \$6,000 bond on every machine. I want to put a dozen machines in my establishment. Where the heck am I going to get \$60,000? If you go to a bank, they don't



want to lend us any money because we're high-risk. We can't do that.

So what you're going to do is open the doors to the larger establishments, the big corporations, to be able to fill their rooms with machines and the little guy is going to be left out in the cold. I'll tell you, right now you're dealing with operators who are dealing illegally. If you cut them out and the little guy isn't allowed to participate, you're going to have the same situation you have now. You're going to have illegal machines in the small establishments doing the black market thing, and nothing's going to change except that some rich people will continue to get richer.

**Mr Kennedy:** What do you think about the 10% the government's going to give on the machine? It's 25% in Nova Scotia, New Brunswick, Manitoba. Is 10% going to be viable for what you're talking about?

**Mr Ruicci:** From my understanding, even in Vegas they work on a 20% situation. They realize that between the payoffs and their overhead, they'd like to see a 20% return. At a 10% return, would you invest your money for a 10% return? I sure as heck wouldn't.

**Mr Kennedy:** I understand. But that is in the budget, that is what the Treasurer has said: "The host site will receive 10% of total terminal revenues." That's what it says. Also, this government has given us to believe that they're only going to allow one machine for every two establishments. They're talking about 20,000 as a maximum they're going to put in. They've committed 5,000 to 10,000 to charity gaming halls, another 4,000 to 6,000 to racetracks. That leaves less than one for every two licensed establishments. How will that be of benefit to the hospitality industry?

**Mr Ruicci:** Having one machine in there and only getting 10% off of it, it's not worth it.

**Mr Kennedy:** Or if every fifth place gets five, then what happens to you if the guy down the street qualifies? How will this benefit the hospitality industry if some have them and some don't? That's the other way to play that number.

**Mr Ruicci:** Not everybody in the hospitality industry except with certain environments is going to want it. An upscale restaurant is not going to want game machines disrupting their particular environment, but a nightclub situation does want it. You have to give them a little more than just one machine, otherwise what's the sense? It's ludicrous.

**Mr Kennedy:** I'm not in favour, unfortunately for your purposes here today, of seeing these in licensed establishments because I don't think this government is telling us the truth. The government will not admit that it has planned many more machines. I think the hospitality industry has been successful in talking to this government. Really, it doesn't make sense. Why would you get so few machines, so little return? What the people in the hospitality industry have been telling me, unfortunately not from the dais but in the hallways, is that this is a foot in the door.

I think we've got to look at this really seriously in terms of the people who are out there and not part of where this may be of some economic benefit. I count at least eight other things you'd like to have done to make

your business more viable. I don't know where you'd rank VLTs on that. You didn't mention off-sales either.

**Mr Ruicci:** As I said, VLTs for me are just another attraction. It gives me another opportunity to give something more to the people to draw them to my club. I'm not planning on making a living off it.

**The Chair:** Thank you very much, Mr Ruicci. I'd like to compliment you. We've had a number of bars and hospitality people come before us. They all say, "We're in trouble." You're the first one to give us an analysis of why there are some problems in that industry. I compliment you on your presentation.

**Mr Ruicci:** Thank you very much and I would like to make my services available to any other commissions, if you're looking at reviewing the whole hospitality situation.

**Mr Frank Klees (York-Mackenzie):** We'll have the next hearing in your bar.

**Mr Ruicci:** Feel free to call me.

1440

#### GOLDEN HORSESHOE SOCIAL ACTION COMMITTEE

**The Chair:** Our next presenter is the Golden Horseshoe Social Action Committee, Linda Rogers, a member of the steering committee. Welcome, Ms Rogers.

**Mrs Linda Rogers:** I want to thank you for the opportunity to speak today on Bill 75, particularly with regard to that bill's provision for the introduction of video lottery terminals into Ontario.

The Golden Horseshoe Social Action Committee is an umbrella group made up of representatives of over 40 community, church and labour groups. I want to stress the variety of our membership to make it clear that we are not a special-interest group. Our only common goal is to work together to preserve the social safety net, the very important social fabric that working people have built up over the decades in Ontario.

I want to congratulate the government and the committee for taking the initiative in holding public consultations on this very important issue, which has significant implications for our political institutions, our families and our communities. But I also want to caution the government that we expect and indeed demand that these consultations be meaningful. So far, we have seen nothing to encourage us that this government is really prepared to change one jot or one tittle in response to feedback that may be obtained through these consultations.

Throughout news releases and statements on the introduction of video lottery terminals, the language implies that the government is going to proceed with the introduction of the video lottery terminals whatever the public says. In fact, back on June 13, Minister Norm Sterling was announcing to the press, "A gambler will have his first opportunity to donate to charities through the VLTs some time in October." This is hardly the language one expects before committee hearings are complete. I want respectfully to inform the committee that I and many of your other presenters will not take kindly to having their time wasted in a charade.

I further urge the government to carefully listen to the presenters and make meaningful amendments to Bill 75, because there is a perception that the government has become so increasingly dependent on gambling revenue that they are in a conflict-of-interest situation, that they cannot prescribe what is best for Ontario when they stand to make a profit. Failing to listen to those with sober second thoughts will further contribute to the general public cynicism.

Previously this government has excused its haste and its lack of consultation in pushing through items like the omnibus bill by saying that the provincial election gave them a mandate for swift, radical reform. I must admit that there is some merit to that argument, albeit the Common Sense Revolution has proved to be a very elastic document when it comes to matters like health user fees, among other things.

However, nowhere in the government's election platform was there any mention of an expansion of gambling in this province. In fact, the public was led to expect just the opposite from this government. Mike Harris, in objecting to the former NDP government's introduction of a casino, promised that the Tories would hold a province-wide referendum. Well, we haven't had that referendum but have two new casino announcements — one, much to my regret, in my home town of Niagara Falls. I can tell you from knocking on doors in the election that people who voted against that casino very much voted for the Tories because they saw it as their main hope in keeping the casino out of town. And now the government plans also to introduce video lottery terminals to give more opportunities to desperate, misguided and sometimes mentally ill individuals to throw away their money.

Why? The excuse most favoured by the government has been that it needs to stem the spread of illegal gambling machines. The Ottawa Citizen in its May 9, 1996, editorial "didn't find this logic particularly compelling," and neither do we. This logic could be used to legalize murder to stem the increase in numbers of contract killers. The remedy to illegal gambling is enforcement, not legalization. Will we ever completely eradicate it through these means? Not likely, but neither will we wipe out violent crime through enforcement, and that doesn't cause us to give up enforcement.

What is patently clear is that this government needs money, and this is quite a reversal. Eric Dowd quotes Mike Harris as having said when discussing expanded gambling: "I don't think the government needs more money. I don't want all this money pouring in. Part of the problem is that the Ontario government has too much money, wants too much money, borrows too much money and spends too much money." He also quotes Mike Harris as saying, "We are not convinced that this is the way we want to raise money."

The way governments usually raise money is through taxes. We in the Golden Horseshoe Social Action Committee wonder why the government is giving a 30% tax break that will benefit the richest citizens when it is so broke that it has to turn around and pick the pockets of the foolish, the desperate and the mentally ill.

The government has also turned down other legitimate sources of revenue such as the proceeds from photo-radar, which had the pro-social effect of reducing speeding, much in contrast to the deleterious effect of gambling.

The members of our committee are also concerned that the contribution of corporate taxes to the overall tax load in Canada has been decreasing for decades as the load gets shifted more and more on to individuals. We would like to see some action taken to get the corporate high rollers to pay their fair share before introducing one-armed bandits to extract loonies from our communities.

Taxation and representation is a bargain between people and their governments which is as old as democracy. Together we have always hammered out how much we pay and what we want to fund collectively. The increasing dependence of government on gambling revenues erodes that relationship and is just another way of fooling people into the belief that they can get something for nothing.

We in the Golden Horseshoe Social Action Committee deplore any increase in government dependency on gambling revenues, but we would also like to make it clear that we see a qualitative difference in the introduction of VLTs into gambling establishments such as racetracks and casinos and the introduction of VLTs into bars and restaurants. In the former situation, individuals have travelled to that location having taken the decision to gamble. In the latter situation, the individual is subject to impulse, peer pressure and the influence of alcohol. After introducing VLTs into bars and restaurants in Alberta, that province's lottery review committee found that 87% of Albertans felt that the machines were too accessible.

In this society, we have learned that it is dangerous to drink and drive. I submit that it is just as dangerous to the welfare of individuals and families to drink and gamble. There is no merit in encouraging these two vices to feed off each other.

The Addiction Research Foundation has found that these machines are particularly attractive to women and adolescents because they require no prior gambling knowledge. They are frequently the entry point for problem gamblers into the gambling world. The government has assured the public that these machines will not be available to adolescents. We find this difficult to believe. Very recently, cigarette machines were removed from bars and restaurants because it was deemed impossible to supervise them to ensure that youngsters were not buying cigarettes. We doubt the ability to supervise 20,000 VLTs any more successfully.

The Addiction Research Foundation has also noted that VLTs are particularly attractive to depressed individuals. This means that those who are already depressed by circumstances such as unemployment and poverty will be most tempted to play the machines. The machines are also highly attractive to those who suffer from hyperactivity or attention deficit disorder, which are major factors in an individual's inability to succeed in school and work. Thus individuals who are already handicapped are most at risk of developing an additional handicap: problem gambling.



The government has touted the fact that Bill 75 calls for VLTs to be set up in bars and restaurants in a separate area where only those aged 19 and over are admitted. I'm sure the government means well with this provision, but recent events point to a possible social problem down the road with these separate areas. Many of us were appalled recently to read about children abandoned in parked cars in the parking lot of the Casino Rama on its opening day, and a sweltering hot day it was too.

The implication for VLTs seems obvious. What is going to happen to the children while mom and dad go into the VLT room to gamble? Are we going to see seven- and eight-year-old kids propped on barstools with a Coke and some fries, exposed to what could be a very adult environment, even a dangerous environment?

We believe that the hospitality industry in Ontario is misguided in its support for VLTs. Restaurant and bar owners in other jurisdictions have given the machines mixed reviews. While the machines may bring more customers to bars with VLTs, they are putting their money into the machines, not into food and beer, according to Quebec City bar owner Benoît Mercure, quoted Saturday, August 10, in the *Toronto Star*. Ian Pickles, a Sylvan Lake, Alberta, bar owner, is quoted in the *Alberta Report*, December 18, as saying he "got to hate watching people throw their money away." The same publication mentions that another Alberta bar owner, Ted Tsenekos, erected a sign outside his bar reading, "Hooray, No VLTs Here." 1450

The most pressing economic problem in the province is unemployment, and unlike casinos, VLTs do nothing to create jobs. In fact, if they lead to less money spent on entertainment locally and more money being sucked into Queen's Park, they well could lead to layoffs in the hospitality industry.

This government likes to pride itself on an Ontario that is open for business. In a recent column entitled "Harris is Making Us the Alabama of the North," *Toronto Star* economics editor, David Crane, cited the reasons that top knowledge-based business gives for locating in a jurisdiction. They all relate to quality of life: good schools, good health care, cultural facilities. Increasing the divisions between rich and poor in this province and degrading the quality of life through increased gambling and attendant crime problems run contrary to any strategy to attract sunrise industry to Ontario. As Crane suggests, we should be aspiring to be the Silicon Valley of the north rather than remaking ourselves to be a low-pay, low-environmental standards, low-rent, and with video gambling, I submit, no-class copy of the worst of US models.

In concluding, the Golden Horseshoe Social Action Committee sees no good reason for the introduction of video gambling terminals. As Darryl Upfold, director of St Mary's Hospital counselling service in Kitchener-Waterloo, said, as quoted in the *Kitchener-Waterloo Record* on June 3, "The more opportunities to gamble, the more people will develop a problem." The 2% of the proceeds that the Ontario government has earmarked for gambling addiction problems is a mere sop thrown at a problem that we need not create in this province. The government has indicated it believes that about 5% of gamblers develop problems with VLTs, but Brandon

University Professor Barbara Gfeller found in her study of 507 gamblers that 9.3% developed problems with the machines and suggests that figure could be much higher because she didn't allow for people fudging; they don't really like to tell the truth about their gambling.

The British Columbia government has listened to its citizens and heeded the problems with VLTs in other provinces. Nova Scotia and Alberta have pulled back on the number of machines, particularly in bars and restaurants where they cause the most trouble. We ask the government to listen to citizens' concerns and follow the example of the British Columbia government in absolutely turning down this socially costly source of revenue. Failing that, we ask that VLTs be restricted to racetracks and gambling halls.

**Mr Klees:** Thank you very much for your presentation. Could I just ask a question regarding your committee: How many members does your committee have?

**Mrs Rogers:** The steering committee or the committee in total?

**Mr Klees:** I'm talking about the committee that is referred to in this presentation.

**Mrs Rogers:** The entire committee has 200 to 300 members.

**Mr Klees:** Are the views you are putting forward totally endorsed by your committee?

**Mrs Rogers:** They're endorsed by the steering committee, which is about 15 representatives who form the executive.

**Mr Klees:** Fifteen of the 200?

**Mrs Rogers:** Yes, representing the group.

**Mr Klees:** The comments you made that you didn't support the introduction of a casino, are all 15 in agreement with you?

**Mrs Rogers:** The committee is divided between those who totally oppose any expansion in gambling and those who would like to see VLTs limited to racetracks and charity casinos.

**Mr Klees:** So even among the 15 there's some difference of opinion.

**Mrs Rogers:** Yes. Everybody is united that they do not want to see this in bars and restaurants, but beyond that point there is some division of opinion.

**Mr Crozier:** I appreciate your presentation. I as well as you hope the government listens to what you have to say. In the area where you say the excuse most favoured by the government is the need to stem the spread of illegal gambling machines, I want to share with you something. A study done by Goodman in 1994 suggests: "Organized crime remains an active provider of gambling products in its own market niche. Expanding legalization increases the number of people who gamble and provides organized crime with access to a larger consumer pool." That's in a study by Rose, 1986.

In the words of a former Chicago mobster out of this research that was done: "There always existed one solid constant. Any new form or expansion of legal gambling always increased our client base. The stooges who approved Las Vegas nights, offtrack betting, lotteries etc became our unwitting front men and partners. The publicity gave people a perception of gambling as healthy entertainment."

**Mrs Rogers:** In preparing this presentation I asked many people what they thought of the issue. One of those people was my family doctor, who said that every time there's a new form of gambling or the pot is raised at the bingo hall or whatever, he sees it in his practice in terms of increased family violence, stress problems, whatever.

**Mr Kormos:** Thank you, Ms Rogers, for a submission that has your sources annotated the whole nine yards and is I believe extremely good. But look, here we are; the fact is that the government members form a majority of this committee and it's a done deal. Like you said, Normie Sterling's been telling people not to worry — what a remarkable comment to make — that a gambler will have the opportunity to donate to charities and to government come October. By God, that's like telling a mugger that he was the mere beneficiary of a donation.

The person you've got to talk to, please, is Jim Flaherty over there. He's the parliamentary assistant. He makes his 78 grand a year plus another eight, nine, 10, 11 grand on top of that. He's the person with the most power here. He's the person with the right connection to the minister. He's the person who has more influence than any other member of this committee.

MPPs just gave themselves a raise several months ago under the guise of eliminating their pension. They gave themselves a net raise of several thousand dollars a year. You've got a government now that's addicted to gambling, like so many other governments across North America. Somebody said earlier today we shouldn't become preoccupied with the morality of it. Well, maybe we ought to become a little more occupied with the morality of increasing poverty, beating up on the poor, beating up on women and their children so that the rich can get a tax break. Maybe we ought to become a little more preoccupied with morality.

**Mrs Rogers:** My mother was the kind of person who never liked to say anything bad about anybody, not even a Tory. She always used to say that you could count on the Progressive Conservatives to look after family values, to look after the family. I'm sure that many people in Ontario are very disappointed, in that view of the Tory party, with this kind of anti-family legislation.

1500

#### NIAGARA PRESBYTERY, UNITED CHURCH OF CANADA

**The Chair:** We move on to our next presentation, the Niagara Presbytery of the United Church of Canada missions committee, Mr Robert Hoover, member. The clerk will take your written submission, Mr Hoover.

**Mr Robert Hoover:** I was under more than one deadline, Mr Chairman, and some of the copy will need some revision. I'll give you the corrections as we go along.

I'd like to introduce my colleague, the Reverend Ron Wallace who, if he is willing, will help me to field some of the questions that may come and add another element of his own.

The brief before you will address these aspects of the issue of video lottery terminals and similar electronic gaming devices to be positioned at certain locations and

establishments other than casinos in Ontario. The argument covers these topics: the quantum leap in commercial gambling that marks the introduction of electronic gaming machines; that this is not a response to popular demand; that we have to distinguish between entertainment and fun on the one side and problem gambling of an obsessive or addictive type on the other hand; and a look at the costs, both human and economic, in the best way we can.

First the quantum leap. It is submitted respectfully that gambling by electronic machines is a quantum leap in commercial gambling because (1) they introduce continuous-action gambling to the lottery and related gaming processes; (2) they encourage the transition from recreational gambling to problem gambling; (3) they are intrinsically and, I dare say, insidiously effective in raising revenues by victimizing the poor and the desperate.

First, the introduction of electronic gambling machines was a quantum leap in lifting problem gambling to new heights of social and public cost, according to Professor Robert Goodman in the work that was cited a few moments ago by one of the members. Unlike the old way of buying lottery tickets where one goes to a store, buys one's tickets and waits a few days to find whether or not one is a loser, machine betting makes gambling continuous and rapid. Machine betting — slot machines, keno, VLTs and so forth — enables constant, quick-action games with a predetermined rate of payback to keep players interested. As and when alcoholic beverages are made available, legally or otherwise, the setting rapidly becomes conducive to playing machine games hour after hour.

Next, the quantum leap into electronic machine gambling permits the practice of teaser inducements. Frequent payouts at low rates of payout to investment are conducive to continuous, uncritical gambling. Frequent wins encourage further gambling but payoffs themselves may not be enough to keep the player's net worth from declining. All the essential elements of problem gambling are then brought together here: first, a game of pure chance requiring no skill whatsoever on the part of the participant; second, teaser inducements; and third, the unending rapidity of action.

For these and similar reasons, Tom Cummings, director of the Massachusetts Center for Compulsive Gambling, has identified VLTs and similar mindless gaming machines to be "the most pernicious, vicious, silent, subtle, deadly form of gambling." Likewise Tibor Barsony, the chief executive officer of the Canadian Foundation on Compulsive Gambling, has observed that legalized gambling terminals in restaurants, bars and like places would fuel a huge increase in compulsive gambling and "would be a big mistake," doing "more damage to young people than any other form of gambling."

Moreover, the Ontario Provincial Police find that terminal machines tend to be highly addictive. According to Staff Sergeant Larry Moodie: "The people that we see playing" terminal games "do not simply walk in and play for a couple of dollars. They play from the time they get in there until they run out of money."

Finally, VLTs and related devices are designed to despoil the poor and lower-income people. The low bets accepted, five cents to a loonie, for example, are not so



much designed to be democratic and benignly permissive as to bring in the little that the needy have in their pockets, which is significant in the aggregate, as the poor in this province become more numerous, to the government's general fund and the corporate gaming till.

Thus electronic gaming machines are a quantum leap in commercial gaming. They introduce continuous action to the lottery process, they encourage the transition from recreational gambling to problem gambling and they are insidious raisers of revenue by victimizing the poor and the desperate. This is a mean time indeed when governments themselves become addicted corporately to compulsive gambling in order to build up their revenues.

Second, the quantum leap to convenience-located video gambling is not a response to popular demand. In 1992, a Gallup poll inferred that slot machines in public places, video poker and so forth, which enjoy an important role in recent government and industry promotion efforts, are not a response to popular demand in the United States. Indeed, this innovative step in commercial gaming was approved by only 38% of the sampled voting population nationwide. The VLT initiative, rather than being rooted in widespread public demand, is geared to the focused pressures of the gaming industry and, as well, from politicians anxious for a quick fix to the problems of unemployment and the reduction of taxes, debt and deficits. Moreover, in 1995, against a backdrop of public concern over crime and corruption in the state of Louisiana, a poll by the Baton Rouge Advocate showed that two thirds of the sampled voter population were more likely to back political candidates committed to eliminate video poker gambling than they were to support office seekers who would allow the continuation of VLT-type devices at convenience locations.

Goodman warns that it is crucial to understand that these developments towards ubiquitous gambling throughout a political jurisdiction are "not because of a popular movement...but because of aggressive lobbying by the gambling industry, and the promotional efforts of politicians who have not been able to find more productive alternatives for economic development."

This pattern of political-industrial behaviour, then, appears to have crossed the border into Canada, as one reflects on what the reasons are for Ontario's reneging on the promise to hold referenda before expanding the scope of legalized gambling in this province. I should like to interject that this does not represent any kind of ingratitude for the opportunity to be here today to use this democratic forum of a hearing.

Going on, the Netherlands' experience with VLTs suggests that after the approval of electronic gambling devices at convenience outlets, thus making gambling ubiquitous, the public may elect solons who are committed to reversing the situation. Holland's Jellinek Addiction Centre, which treats gambling and other addictions, had 400 visitors in 1986, the year electronic gambling machines in local business places were approved. A short six years later, the number of gamblers visiting the centre for treatment advanced from 400 to 6,000. Also, during the same six years of legalized electronic gambling in neighbourhood locations, the number of problem gamblers in the general population rose from under 1,000 to about 150,000. In fact, machine

gambling became so pervasive by 1994 that the traditionally liberal Dutch government removed all of the 64,000 gaming machines operating in local places of business.

In short, the quantum leap to ubiquitously located electronic slot machines, VLTs and so forth, has not been by the majority request of the general public, but rather has been despite the majority's opposition in many places where the said leap has been undertaken. Rather, thirst for income on the part of governments, and the gaming industry as well, seems often to be the underlying motivation.

Third, is it obsession or addiction, or is it entertainment? What is the VLT? This section will contrast gambling as entertainment or play with problem gambling, both obsessive and compulsive. It will contend that problem gamblings are not play. Finally, it will argue that video slots and VLTs are characterized by problem gambling behaviour and are therefore neither entertainment nor leisured play.

Gambling as true play or entertainment is economically superfluous. It is never imposed, by necessity or otherwise, whether physical, moral or psychological. Moreover, gambling as play is always performed at leisure; that is, it can be started or ended at the will of the player. Entertainment gambling also is distinct from everyday life in that it can be started or ended at the will of the player and it is up to the player to choose how long it will continue.

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Without play or entertainment, everyday existence is overcome with the meaninglessness of life, or what's called anomie, in its modern context. It is in play that people are able to be free. Most importantly, gambling, to be true play or entertainment, must be liberating play. It does not impair the gambler's ability to function in the domain of work or to carry out personal responsibilities. It is voluntary behaviour.

We look to the forms of problem gambling here.

Obsessive gambling is not play or entertainment. Obsessive gambling, the soft side of problem gambling, "is an escape from societal or personal pressures into the order of the gambling-generated subculture." This subculture "transcends the realm of leisure and intrudes upon the 'ordinary' (everyday) world. Obsessive gambling is a self-annihilating behaviour that eventually conforms so closely to the games' formal structures that the interactional nature of conventional (play-oriented) gambling is transformed," to the effect that conventional, or play-oriented, gambling motivations "are replaced by motivations which are generated by the game itself."

Moreover, "the obsessive gambler escapes pressures that bear...upon everyone, but in contrast to real entertainment gambling's temporary escape...the obsessive gambler's escape is more or less permanent. Thus, the problems that prompt obsessive behaviour, which are in some objective sense 'real,' are made worse by gambling instead of being resolved."

Therefore, obsessive gambling is problem gambling of the neurotic type. As a neurosis, it is not functioning as genuine play or entertainment in any wholesome or healthy interpretation of the word.

Neither is compulsive gambling play or entertainment. "Compulsive gambling is a manifestation of personality disorder. (It is) not, in its final stage, interactional at all. In contrast to obsessive gambling, it is world-annihilating, wholly solipsistic and self-centred, and actively destructive of personality, which ceases to gamble with any other purpose than the stimulus-response gratifications of the activity itself....

"Compulsive gambling is infantile and completely uncontrolled.... The compulsive gambler derives no benefit from gambling, rather the reverse: certain financial loss and probable ruin, the sacrifice of personal relationships, responsibilities, work, and ultimately the self."

No way can this dreary syndrome of pathological psychotic suffering be interpreted as fun or play or entertainment. Compulsive gambling is the deeper form of problem gambling, not a neurosis but a psychosis, comprising both a personal and societal problem of major dimensions.

Suicide is a principal problem for compulsive gamblers. Professor Henry Lesieur, Illinois State University, sociology, says that suicide is frequently viewed by the compulsive gambler as "the perfect way to stop a losing streak," or even the only solution. Lesieur adds that 15% to 20% of compulsive gamblers going to Gamblers Anonymous, GamAnon or other similar agencies for aid have actually made some sort of suicide attempt. This of course takes no account of the compulsive gamblers who fail to turn themselves over to helping agencies.

How do VLTs fit into all this? VLTs, video slots and convenience-located gambling machines tend to induce problem gambling, obsessive and compulsive. Hence, they cannot be classed as genuine entertainment or play. John Gray reports that "experts on gambling addiction say that the number of problem gamblers is increasing dramatically and most of the difficulties come from people hooked on the new slot machines." This is supported by previous testimony in this brief.

No doubt other briefs in this hearing will report more in detail about the threat to the present generation of adolescents of becoming problem gamblers and potential suicides posed by VLTs and like machine gaming devices. That will be left to these other contributors to develop. This brief will not get into the relevant dangers of licensed and unlicensed outlets, the question of whether or not the VLTs are the so-called crack house of gambling addiction and so forth.

Now let's look at the costs and benefits of what I'm going to refer to as McGambling.

**The Chair:** Mr Hoover?

**Mr Hoover:** Am I over time?

**The Chair:** No, you've got three minutes to go. I want to make sure you get the important stuff in.

**Mr Hoover:** The costs and benefits of McGambling: The province of Ontario expects to receive \$450 million from the installation of 20,000 VLTs. Two per cent of this amount, or \$9 million, will be used for healing and prevention of compulsive gambling behaviours. Prevention will presumably be showered on obsessives. Thus, the \$9 million will be used for problem gambling therapies and treatment of different sorts.

It has been contended in evidence previously taken by your committee that about 2% of all people exposed to

video gambling tend to become addicted. Professor Goodman reports that it cost about US\$13,000 in 1993 for society to meet the costs generated annually by a problem gambler, and I've given how he has arrived at that view, if you'll follow that through. Allowing for an average of 2% inflation and an exchange rate of 1.30, this suggests a figure of about \$18,000 Canadian in 1996. Putting these data together in a meaningful, logical way indicates some important things about VLTs.

Some \$450 million was reported as the estimated gross receipts from 20,000 VLT terminals, and 2% of that is \$9 million for therapeutic services to problem gamblers. There are 134,500 persons exposed to VLTs in the regional municipality of Niagara, assuming a total adult population of 269,000 and that at least half of them will see these things and be attracted to them one way or another. Under-aged persons are not included in this. That 2% gives 2,690 regional Niagara adults who are likely to become problem gamblers. That 2,690 times the \$18,000 in 1996 gives a \$48 million-plus estimated cost of problem gamblers generated by VLT-type gaming. Compare then the \$9 million proposed by the Ontario budget for services to problem gamblers with the estimated cost of \$48 million to meet the needs of Niagara alone, never mind the rest of the province.

Of course, the token amount for services to problem gamblers generated by McGambling bears no relation to the need, nor is there likely to be any increase in the therapeutic services fund. After paying the operational costs of the VLT corporations and meeting substantial commitments to certain charities, the Honourable Norman Sterling says the entire balance is needed to pay off the provincial debt, reduce taxes and cut back provincial deficits.

In summary, McGambling through VLTs marks a quantum breakthrough in commercial gambling. Second, the quantum breakthrough in McGambling is not a response to a public clamour but to revenue-thirsty politicians and profit-avid corporations. Third, this type of gambling tends to be either obsessive or compulsive and is therefore not a form either of leisure activity, play or genuine entertainment. Fourth, the budgeted amount of money for VLT-induced problem gambling is by any reasoned calculation minuscule and trivial.

In conclusion, your committee is strongly advised and urged to re-examine the issue of VLTs for Ontario. Our committee suggests that if this public commitment is made, the people of Ontario and their government will repent that action in their leisure.

**The Chair:** The time has elapsed. I thank you very much, Mr Hoover, for the work that has gone into this presentation.

Our next presentation will be Christian Action Against Poverty, Tam Jones, president. If there's no one here representing that organization, we'll attempt to proceed down the list.

1520

#### B'NAI ISRAEL BROTHERHOOD

**The Chair:** B'nai Israel Brotherhood, Mr Harold Nash, chair. Welcome, Mr Nash.



**Mr Harold Nash:** Does that give me 40 minutes?

**The Chair:** No, unfortunately, it really doesn't but we do have some discretion in that regard.

**Mr Nash:** Thank you, Mr Chairman, members of the committee. I did not prepare anything printed for you, which may mean that you'll have to listen carefully to what I have to say if you're going to have any questions. Now, I'm not sure if that's an advantage or a disadvantage, but here I go.

My name is Harold Nash. I'm representing the B'nai Israel Brotherhood, a religious charity operating a charitable bingo in the Delta Bingo hall in St Catharines. It is my understanding that I may be the only bingo charity appearing before you today. I am therefore speaking not only on behalf of my charity, but also for the 200 charities operating in four bingo halls run by the Delta Bingo Group of Companies. These halls are in Fort Erie, Niagara Falls and St Catharines, being four of the 14 halls presently licensed in the Niagara Peninsula.

By the way, you don't have to worry about me using up 40 minutes; I'm not even going to use 20. In fact, I'm going to restrict my remarks only to the proposed allocation of VLTs.

First, let me make a comment on the initials, "VLT" — video lottery terminals, slot machines. This may be the only time I will be in agreement with Mr Kormos, because in fact they are slot machines. It's too bad that we have to —

**Mr Kormos:** It's a beginning, sir. It's a beginning.

**Interjection:** It's a good beginning.

**Mr Hudak:** Don't hold your breath.

**The Chair:** It won't get you anywhere, anyway.

**Mr Nash:** I'm talking to the wrong side. I understand that, Mr Chairman.

In any case, it's too bad that we have to seek politically correct acronyms or devices to mask what they really are. As it was described to me recently, if it looks like a duck, smells like a duck, walks like a duck, sounds like a duck, it surely must be a duck. A VLT by any other name is still a slot machine.

I don't want to make any comment on the correctness of the device or its potential effect on our communities, but rather I want to speak from the point of view that in fact these devices are going to come, and make my case for their usage in the bingo industry.

Speaking for the bingo charities in Niagara, all of whom are having problems maintaining their old level of fund-raising, I would like to make the case for including bingo halls in your plans for the placement of these machines.

Let me first describe the problem being experienced in St Catharines regarding reducing bingo charity revenues. In December 1995 our local municipality and the licensing provincial ministry allowed the opening of a new bingo hall in St Catharines. This decision was taken in the face of predictions that existing charities would face hardships in maintaining their level of fund-raising from bingo to carry on their charitable work. Six months later these predictions have proven true. Bingo receipts are down appreciably, attributable in part to increased competition and to other factors such as the state of our local economy and cutbacks in social assistance by local

and provincial authorities. I know that comment isn't one usually expressed, but the fact remains: Any gambling opportunity, from provincial lotteries to full-fledged gambling casinos, tends to attract to a degree those who should be the last to participate.

I recognize that the new hall in St Catharines has provided another 50 worthwhile charities the opportunity to raise funds outside of the city's grant list, and I know the city is happy about that. But adding these extra events means the pie is sliced thinner, resulting in the fact that each charity, particularly the old bingo charities, must be prepared to do with less. No one can accurately predict what will happen when the Niagara Falls casino opens this fall. Certainly the Windsor experience indicates that bingo will take a hit, at least in the short term, another thing placing pressure on bingo revenues.

Now the provincial ministry plans to put slot machines in racetracks, bars and permanent-site charitable casinos, putting even further pressure on the bingo industry. No mention is made of including bingo halls in this allocation, which certainly begs the question: why not?

The stated objective of this whole procedure is to increase revenues for "charitable organizations". The proposed regulations only vaguely refer to how charitable funds raised by the slots will be distributed.

Let me briefly examine how each one of the location types proposed appears to me.

**Racetracks:** A good place, but who will get the charitable receipts? The Horsemen's Benevolent Society? The last time I looked, that was a profit-oriented organization for its own benefit.

**Bars:** Not such a good place. And who will get that money? I've heard a few comments as I've been listening to some of the presentations made before you, and I guess probably the Ontario Lottery Corp, God forbid, will get those funds so that it can provide political benefit to the government.

**Permanent-site charitable casinos:** That one makes sense, because there is always a licensed charitable group attached to that event, with a clear distribution path to follow.

May I respectfully submit that the best location for slot machines is bingo halls, one that will surely meet your clearly stated objective to increase revenues for charitable organizations. The halls are licensed and strongly and effectively provincially controlled.

The charities are in place, correctly municipally licensed and involved in the operation of the game. Their need is clearly evident as they struggle to meet their charitable objectives, and the distribution path has been established using the Super Jackpot game and the hall-run Nevada break-open tickets as the guide.

Bingo faces an uncertain future, particularly in the peninsula. Excluding bingo halls from the allocation of slot machines may do irreparable harm to the industry and reduce the effectiveness of the many charitable organizations it has supported for many years.

I urge you, on behalf of the 200 charities I represent, to include bingo halls in this allocation, allowing us to continue our charitable endeavours in each of our communities. We all know we can no longer ask any level of

government to financially help in this work. Please give us the opportunity to help ourselves.

**The Chair:** We have three minutes per caucus.

**Mr Crozier:** Good afternoon, Mr Nash. Welcome. You've given some interesting thoughts and made a few assumptions, not the least of which is to ask the question: Why not bingo halls? Well, I suggest, sir, that why not bingo halls is because perhaps your lobby hasn't been great enough. In other words, those who have it, those who have the biggest and best-organized organization often benefit the most from this kind of endeavour. So when I say your lobby, perhaps had the charitable bingos been actively pursuing the government like those in the racetrack industry and those in the licensed establishments, the hotel-motel-restaurant associations, you may have been more successful, but that's only speculation.

1530

I want to ask you about cannibalization, in other words, how and where the gambling money is spent. In your bingo halls, do you have break-open ticket sales as well?

**Mr Nash:** Yes, we do.

**Mr Crozier:** I would like to ask if you have a concern that through the use of VLTs those revenues may not be reduced.

**Mr Nash:** I would say that if slot machines are not allowed in bingo halls on an equal basis to those other places that are being determined, there will be a lot of pressure on the revenue generated in that particular bingo hall. Let me suggest to you that it may well be that the distribution of how bingo dollars or gambling dollars are spent may change a little in the halls from that of break-open tickets to the slot machines — that's possible — but let me suggest that each of the charities that is involved in the operation of that particular game at that particular time slot is anxious to maximize its opportunity to raise charitable dollars.

By the way, may I make a comment, Mr Crozier, that I'm really disturbed by your comment about the fact that our lobby isn't stronger. This is a charitable group of people who have no lobby. All they are is small, little local organizations attempting to raise funds to provide the charitable work that they do in their community. There is no such thing as a lobby.

**Mr Crozier:** And I —

**Mr Nash:** Let me continue, if I may, sir. The fact is that if the stated objective is to provide maximum funds to charitable organizations, do that. Don't provide the funds to bars and don't provide the funds to the Ontario Lottery Corp, which takes more gambling dollars out of our economy than any other single organization that I can think of.

**Mr Crozier:** But, sir, I'm on your side.

**Mr Nash:** I know you are.

**Mr Crozier:** Give me a break. I'm really saying I'm disturbed too that because someone doesn't have a well-organized, well-financed lobby —

**Mr Nash:** Then you make that point strongly when the debate occurs in a few weeks.

**Mr Crozier:** I have tried to, but I share your frustration.

**The Chair:** Thank you, Mr Crozier.

**Mr Kormos:** Obviously, Mr Nash, there have been a number of concerns raised, and you've heard I think a runthrough of them today, but one of them has been from charitable organizations and the impact of slots on charitable fund-raising. The two biggest sources, as we've been told so far, of charitable fund-raising are bingos and break-open tickets, Nevada tickets.

Again, the numbers are very difficult to get a grasp on, to get a handle on. The government says there will be \$180 million available to charities, which they say will be 10% of the slot action. My speedy calculation shows that to require that there be \$1.8 billion invested in the slots to generate 10%, \$180 million. That means approximately \$90,000 a year per slot machine, just shy of two grand a week. The break-open ticket industry tells us that they generate sales of \$1.3 billion a year in break-open tickets. I don't think we were told if they're uniformly priced, but any experience I've had, they were 50 cents. I don't know if they vary in price.

We've heard also from a number of people about the difficulty that charitable organizations have had doing fund-raising, simply because there seem to be less dollars out there to appeal to. We had government officials in the past, the Ministry of Consumer and Commercial Relations, telling break-open-funded charities that they have to limit the number of licences for break-opens — same argument for bingos — because they don't want to exhaust the gambling dollar out there. But now they're saying that they're looking for \$1.8 billion in gambling dollars to feed their slots. Somebody has got to lose. I hear what you're saying. You're saying as long as it goes to charities at the end of the day, it's all six of one and half a dozen of another.

**Mr Nash:** More importantly, though, as long as there is a clear path ahead of the time as to how it's going to be distributed. That's in place right now in bingo halls, because there is a licensed charity involved in every event that gets a share of whatever revenue is produced. I don't see how that's going to happen if you're going to put them in wherever.

**Mr Kormos:** I think you're going to see a number of amendments coming, even from those of us in the Legislature who don't support the proposition of slots — and I'm one of those people — recognizing that the government's got a majority. At the end of the day, the real motive here on the part of the government isn't to help charities; it isn't to help the bar and tavern industry; it's to raise funds, God bless. But we need clear-cut guidelines as to what amount will be dedicated to charities and how that will be determined on a charity-per-charity basis. Because you've got some charities that are province-wide based in Toronto; you have others that are regional that, if they have a strong base of support, can work their behinds off and manage to cultivate more support financially than a charity with less body support, less human support.

**Mr Flaherty:** When we hear Mr Kormos, as a neo-prohibitionist, looking down his nose at the people of the province of Ontario who consider gaming as a form of entertainment, the vast majority of the people in this province, he can look down on them if he wishes; his was the political party that put more than 2,500 slot machines and video lottery terminals in Windsor, Ontario.



**Mr Kormos:** Did you support it or didn't you?

**Mr Flaherty:** Now he sits —

**Mr Kormos:** I know where I stood. Did you support it or not?

**Mr Flaherty:** I warn you also about these people over here, these Liberal people. I gather the position du jour is that they are against VLTs, because that's what he intimidated to you. But they put out a press release today, these two, the putative leader, Kennedy, and Crozier: "Liberal MPPs Bruce Crozier and Gerard Kennedy today joined a number of local groups at a public hearing in warning against allowing video lottery terminals in bars and restaurants," not anywhere else. They're in favour of them everywhere else, just like the NDP put 2,500 of them in Windsor, Ontario.

**Mr Crozier:** Have you got a problem with that?

**Mr Flaherty:** Isn't it interesting how they vary their position now from even morning till afternoon. They don't even have a firm position —

**Mr Crozier:** My position hasn't changed in a week. I'll put my position, my word, up against yours any time, Mr Flaherty.

**Mr Flaherty:** As you may know, in Windsor, Ontario, where a major new form of gambling was introduced by our friends in the NDP, who brought in more than 2,500 machines and of course all of the tables, over 100 gaming tables, generally speaking, bingo gaming has come back because of using a different clientele and different loyalties among them. That is the statistical information we have from Windsor. So I wouldn't be too pessimistic.

The other thing of course I'd mention to you is that there would be no impediment to current bingo halls applying to be designated as permanent charity gaming halls under Bill 75, which is the legislation with which we're dealing — there's no impediment to that — just as others are free to apply. I assume that if you're serious about what you said, your group would be one of the groups that would apply.

**Mr Hudak:** I'll be really quick. Thank you, Mr Nash, for your presentation. Fort Erie is in my riding. Fort Erie's bingo industry is very pronounced. I appreciate your comments on behalf of the bingo industry and the charities that benefit from it. I believe we have you on the record in favour of putting VLTs in the bingo parlours. I'll defend it to the end at the track, because who does it go to? We've got 4,500 people, a lot of whom don't have job skills that are transferable. They depend on the horse racing industry to support themselves and their families, their children. I'll defend that to the end. The charity event sites are going to increase revenues to charities 10 times from the Monte Carlos, is the estimate. But also I appreciate your comments on behalf of bingos and we'll take them into consideration.

**The Chair:** Mr Nash, I thank you for your presentation and also for enlivening the conversation around this table.

**Mr Nash:** Even if I couldn't hear what was going on, Mr Chairman.

**Mr Kormos:** Mr Chair, why is Mr Flaherty prepared to compromise his integrity and lie in the pursuit of this goal? I find that really remarkable.

**The Chair:** Mr Kormos, I've asked you in the past to act parliamentarily. I rarely object around here, but you are not acting parliamentarily by using that particular language. Mr Kormos, we have rules of the game. If you choose not to follow them, that's up to you. But I don't think it's fair and that's not the way I would act.

1540

**Mr Hudak:** Chair, could I ask for all-party consent on an issue? I received a message from an individual who runs Paradise Casino, the Monte Carlos. He tried to get on the speaking list today. Unfortunately, he called too late and was on a waiting list. I understand we did miss a 20-minute appointment, which I think pushes everything forward 20 minutes. Would people be interested in allowing him — he has an interesting perspective on the way the Monte Carlos currently function and the way they could function at our charity event sites — to present?

**The Chair:** The only way it would be possible is if there was unanimous consent of this committee to permit someone else to enter a spot that was granted to someone who did not appear. Is there any objection?

**Mr Kormos:** At \$78,000-plus a year, we should be prepared to work a full day.

**The Chair:** If there's no objection, we will hear from him immediately after we hear from these gentlemen.

#### FLAMBORO DOWNS HOLDINGS LTD

**The Chair:** Flamboro Downs is our next presenter.

**Mr Charles Juravinski:** First, on behalf of Flamboro Downs and the horse racing industry in the province of Ontario, we thank you for the opportunity of appearing before you.

At this point in time, you would have heard from a cross-section of the horse racing industry, specifically horse persons, horse-related organizations, racetrack operators and the Ontario Horse Racing Industry Association, which we know as OHRIA.

Rather than repeating the many salient points made in the various presentations, we wish to — I want to drive home — heartily endorse the report tabled by Racetracks of Canada Inc and presented by Roland Roberts, the executive vice-president, and the presentation by the Ontario Horse Racing Industry Association presented by our chair, Robert Hall, and the executive VP, Jane Holmes.

I would like to now become parochial and hopefully enlighten this committee as to what Flamboro Downs is and the current services provided, not only to the racing patron but to the entire horse racing fraternity, certainly in Ontario, throughout Canada and parts of the United States, and this must continue.

Our operation is literally home for some participants, as we operate five days per week, 52 weeks per year.

We provide stabling facilities full-time for 690 horses and have 44 roomettes to accommodate horse caretakers. I might add it costs them the grand sum of \$25 per month per roomette.

Security is maintained 24 hours per day, seven days per week, and we strive for first-class facilities for the use of the harness horse industry.

Simulcasting of our live racing product is conducted every live racing day. We complement our race schedule by receiving other tracks' product, and are literally operating day and night, seven days per week, on track and also into our teletheatre network.

Sixty full-time employees and 232 race day employees complement our service to our patrons.

We are told time and again that Flamboro Downs is one of the finest class tracks in North America, and our resolve is not to simply maintain this status quo but to enhance our premises. Hopefully, the clerk furnished you with a business card which has a picture of Flamboro Downs on the cover.

To this end, the government of Ontario, through Bill 75, has provided us with an opportunity to fulfil our vision. We applaud them and respectfully request this total committee's support so that we may achieve our ultimate vision.

We visualize Flamboro Downs becoming a destination place, with better-than-first-class facilities, not only to accommodate VLTs but to provide bingo facilities — we've noted that application was made some time ago — and a charity gaming hall — and we are on record with the government to this end — to clearly enhance our main thrust, which is live horse racing, and continue contributing and growing our agricultural and rural base as we have in the past.

Our facilities are strategically located in the town of Flamborough, and within a 30-minute drive there is a population potential approaching three million persons. We can park 5,000 cars on our premises. We have 250 acres of cut grass surrounding our buildings, parking lots and two half-mile racetracks. We operate these facilities without any inconvenience to our neighbours of which we are aware.

Getting back to our vision, we are surrounded by approximately 1,500 acres of farm and conservation area and can visualize Flamboro Downs supporting added commercial living facilities, an adult-children's entertainment complex, a golf course and, for that matter, any other recreation facility which will help support, I reiterate, our main thrust, which is live horse racing. Additionally, we are directly across the highway from the Christie conservation area, which is one of the finest public areas in the province.

We have proven over the past 25 years that we are a people-oriented operation. Our business record is totally unblemished and we are proud of the corporate image we have achieved.

We wish to continue on this line of endeavour, maintaining our private corporate identity, hopefully creating profits for all our governmental partners and any other parties — and the charities should like this — that make a living from and are dependent on Flamboro Downs.

I just wish to digress for a moment. Flamboro Downs' main thrust as far as charities are concerned is in our dining room. We have over the past 20 years had every imaginable charity funded at Flamboro Downs through a special deal as far as dining facilities are concerned, race sponsorships are concerned, balloon-busting with prizes is concerned. This is a real going concern for the charities in our area.

For instance, is this committee aware that we touch the direct lives of 1,200 persons daily who earn their living in the horse racing industry? It would be unconscionable to turn down this base and jeopardize their future. By that we mean that we must be put into additional gaming to have everything viable and survive.

Mr Chairman, we urge you and this total committee to recommend to the government the following:

Racetracks and the government form an alliance and develop a sound business plan equitable to all parties, and permit VLTs to be installed at racetracks in the first instance.

Designate clearly racetracks to be included as charity gaming halls.

Consider racetracks to be owner-operators of these establishments without any third-party participation or ownership.

Review the performance after a reasonable period of time.

Permit the racetracks to evolve into first-class sports, gaming, entertainment and recreational facilities.

We are up for the challenge. We have proven records and capabilities and are ready, willing and able. We believe it would be a win-win environment for everyone.

Thank you for listening. I am prepared to answer any questions, but first, if you flip the page to the "Points to Ponder," we will leave those points to ponder for you, but I would appreciate if you went to the second-to-last line where we have written in, "Better meet the demands and requirements of the public." Of course we're going to blame this on the typist. We missed adding in there and we would appreciate if you noted under, "Better meet the demands and requirements of the public," "in a socially responsible setting." The last bullet, where it says, "A place of 'conscious choice to go to,'" please add under that "for entertainment under responsible management."

#### 1550

As a matter of fact, with your indulgence, I like it so much that I think I would like to read the "Points to Ponder."

We ask the questions: Who can? Who has? Who can grow the agriculture base and the rural communities better than racetracks in a gaming environment? Who can ensure the future viability of the horse racing industry? Who has a proven record as it relates to integrity and security and accountability in a controlled structure? Who has the infrastructures throughout the province? Who can achieve the best possible returns to the government? Who can better meet the demands and requirements of the public in a socially responsible setting? Who has a place of "conscious choice to go to" for entertainment under responsible management? Obviously, the answer is extended-meet racetracks.

Incidentally, this is Mr Richard Jacob, our general manager, who worked on this brief with me and does a very fine job for Flamboro Downs.

**The Acting Chair (Mr Tim Hudak):** Thank you, Mr Juravinski. Mr Jacob, did you have any additional comments or should I open the floor to questions from the members?



**Mr Richard Jacob:** No, I think we're prepared to answer questions, so you can open the floor.

**The Acting Chair:** Very good, thank you. We have about two and a half minutes per caucus, beginning with the NDP.

**Mr Kormos:** Mr Juravinski, you are certainly one of the more dramatic characters in the horse race business in Ontario, and I say that in a very positive way. Unlike the OJC, for instance, you've never whined and threatened to shut your track down. You've been through better times and worse times in the business but you've maintained your commitment to that track in Flamboro and not engaged in some of the game playing some of the other players in your industry have a history of.

I appreciate you may not have been here earlier when we had some small business people here saying: "By God, we're licensed. We're licensed to sell alcohol." The government's eliminating the LLBO and creating this new quasi-arm's length agency to supervise both gambling and alcohol. There's some logic to your proposition. Those of us who are opposed to slots I think acknowledge at least a racetrack is more akin to a casino in that you go there for gaming purposes, not an in-your-face slot machine. You go to a dining room to eat and if there's a slot machine there, it's trying to seduce you into playing it.

So I think there's some logic to your argument, but what do you say to the tavern owner — they got hard times, too. I don't dispute that. They want a piece of the action. Everybody wants a piece of the action. By the time this is over, there's going to be 40,000 slots, and then at some point nobody's going to be making any money because it becomes non-sustainable. Do you appreciate the sense of unfairness from other industries that say, "But we need help too"?

**Mr Juravinski:** Yes. I think our attitude on the parochial aspect is basically that once the system has sorted itself out, perhaps there's going to be room for everyone. At this point in time, we don't know. If the government's mandate is to be fulfilled, it would seem to us that you can't put them on every corner, for openers.

I think, with all due respect, Mr Kormos, that the government's current terms of reference are on the money because they do appear as if they're open for future study. Like in any other business, things will get sorted out as we go on and if it's in the cards that others should have them, by all means. On the other hand, it's entirely conceivable that if they're not successful, say, in the racetrack element, then it might be racetracks that don't want them at that point in time. I think we have to try it, though.

**Mr E.J. Douglas Rollins (Quinte):** Thanks for your presentation, Mr Juravinski, and congratulations on running a first-class establishment at Flamboro, because it is that.

**Mr Juravinski:** Thank you for the kind words.

**Mr Rollins:** I know you mentioned that you housed approximately 690 horses on grounds. Do you have a large number of drawn-ins that come in to race there regularly too?

**Mr Juravinski:** Yes. Better than 50% of our entries on a per diem basis come from offtrack, principally from

farms around the area — principally, and I stress that. I'm pleased to brag that 25 years ago we talked to our town fathers and went to the Ontario Municipal Board and said that Flamboro Downs would become the horse Kentucky in the province of Ontario, and by God, we've achieved it. All you have to do is fly over top of Flamboro and you will see the farms.

**Mr Rollins:** So really those numbers of people that you employ in the horse industry could be doubled when you stop to think of all those other people who are working on those farms getting those horses ready for the track and looking after their training and everything else, other than what you people have working there on race day?

**Mr Juravinski:** They are quadrupled, in fact. To prove this point, the Ministry of Agriculture, going back not three years ago, did a total study and tabled a paper. There are literally 4,500 people who are touched by Flamboro Downs by virtue of a race day. That is fact and it's written and it's in the Ministry of Agriculture's files now.

**Mr Rollins:** Thanks for doing your part in keeping Ontario working.

**Mr Juravinski:** Thank you for the kind words.

**Mr Kennedy:** Thank you also for your presentation. I wonder if you could comment on what some other racetracks have told us, that they're concerned about the cannibalization of their revenue. Have you experienced that in terms of the expansion of gambling in the province that has taken place so far? Has it affected your handle? Also, this legislation is mainly about putting these devices into licensed restaurants and bars. I'm wondering how you think that may affect the positive impact that you've told us about for them in your establishment?

**Mr Juravinski:** Mr Kennedy, I can succinctly answer that question because prior to lotteries, if you will, or the Ontario Casino Corp. and principally lotteries, our operation on far fewer racing days used to do \$62 million of live ontrack handle. By the time the lotteries, the bingos and I might say the charity bingos, the charity casinos got through with us, we were cannibalized by 50% and went to a handle of approximately \$32 million per year. We were frankly decimated under that scheme.

The thing that has resurrected us currently is simulcasting, because we have gone to the people with our simulcasting and though we have further cannibalized our product on track and our attendance base on track — and I'll give you an example. We have gone from \$32 million per year to \$120 million per year. So we have recovered in getting the product to the public. Now, obviously, we are no different than others. We fear the cannibalization. We have to protect against it and be on a level playing field and have these VLTs and become charity gaming casinos or you will colour us gone. I don't mean, as Mr Kormos alludes, that we're going to close the track. We will not be able to make it financially.

1600

**Mr Kennedy:** What would happen if you aren't the charity gaming hall? There's a lot of charity gaming activity that is potentially affected. Those groups will want to see their interests transferred, perhaps into the

new form of gaming. Do you see yourselves as beneficiary or operator of the charity gaming hall if you have it in your facility? What happens if you don't get it but somebody else in your local community has 200 slot machines and 50 gaming tables, which are the parameters for that activity?

**Mr Juravinski:** It will further cannibalize us, there is no question about it. We see ourselves, because of our structure to begin with, and I'm talking about being a highly regulated operation, we believe that racetracks are the natural place for the charity gaming halls because of the structure. We believe, by virtue of the additional people who should gravitate to these charity halls — and as I pointed out earlier, we can work in hand with the charities by virtue of being the kind of place we are, with dining room facilities, entertainment facilities, horse racing facilities, to serve all factions of that part of the industry who are so concerned.

**The Acting Chair:** Thank you, Mr Kennedy. I'm sorry, the time has expired. Gentlemen, on behalf of the standing committee on administration of justice, thank you very much for your presentation today. Have a safe trip back, and best wishes on the rest of the season.

**Mr Juravinski:** Thank you, and thank you for a job well done to date. We appreciate it.

**The Acting Chair:** Next on our list before the committee, originally scheduled for 4:20, so they may not be here yet, is Capt'n Billy's, a Mr Wade Grant as the manager. Anyone from Capt'n Billy's here? Then I will move to the next group on the list, Port Colborne Community Action, Mary Ellen DuPon.

#### DELTA BINGO GROUP OF COMPANIES

**The Acting Chair:** I see that Uncle Sam's Bingo is here now. John Cameron is here. Is Duncan going to join us?

**Mr John Cameron:** No, he couldn't make it today.

**The Acting Chair:** Okay, do you feel like going ahead with your presentation early? Please join us, John. Welcome to the committee. You have 20 minutes for your remarks. You may choose to use some time to allow the members to ask you questions at the end of your remarks.

**Mr Cameron:** Good afternoon. My name is John Cameron. I am here representing the Delta Bingo Group of Companies. We are a family-owned and -operated business that has been in the bingo industry for 35 years. Here in Fort Erie, we own Uncle Sam's and Delta Bingo, which are two out of the four halls in the town of Fort Erie. In the Niagara region, we have four out of the 14 halls.

Within the halls in the Niagara region, we represent 200 charities, which include 120 charities from our two halls in Fort Erie alone. The 14 halls in the Niagara region collectively for 1995 made \$20 million in charitable profits, paid \$2 million in city licensing fees, paid \$1 million in provincial licensing fees to Toronto and paid an undeterminable amount of PST and GST. Our two halls in Fort Erie alone made \$9.5 million in charitable proceeds, paid \$1 million to the city in licensing fees and paid \$300,000 in provincial licensing fees to Toronto.

The bingo hall and card manufacturing portion of the gaming industry in the Niagara region alone has about 1,500 direct employees working in the operation and manufacturing of bingo cards and equipment as well as the day-to-day operations of bingo. These numbers do not include the huge number of people who volunteer and/or work for charitable organizations.

The announcement of the video lottery terminals, or the VLTs, we initially thought was going to be a spectacular event for the charitable interests and to all the stakeholders involved with the bingo industry. However, you can imagine our dismay at learning how the VLTs are planned to be released and can appreciate that we are more than a little concerned. Not only did the racetracks receive \$50 million off in taxes in their wagering, but they will also receive the VLTs in the first wave. The roving charity gaming halls are going to receive specialty status to control the profitability problems by making them permanent site casinos and giving them VLTs as well.

We also believe that the amalgamation of the Ministry of Consumer and Commercial Relations and the LLBO is a great indication that the VLTs will be going into the hospitality industry as quickly as possible. Having VLTs in every corner bar will also deplete our customer base. We don't resent these industries being given a chance to grow, but we know that we must be included in the first wave of the VLTs and not be ignored. After all, are bingo halls not also licensed charity gaming halls?

Not only does the bingo industry deserve this, but it is already set up to meet the eligibility requirements of the newly formed Alcohol and Gaming Commission. The inner structure of the bingo industry is that we are already licensed entities by the Gaming Control Commission, and we pay \$12,000 a hall a year for this licence. All of our key employees are licensed by the Gaming Control Commission, and not only our halls but our key employees as well have had background investigations conducted by the Gaming Control Commission. Even more so, the Delta Bingo Group of Companies is undertaking a voluntary compliance audit for the Gaming Control Commission in which our registered employees comply with and enforce all gaming rules and regulations. This makes for an excellent, controlled environment for no under-age gambling, as we are regulated not to allow people who are under age to enter our establishment or play bingo.

The Ontario Alcohol and Gaming Commission is allowing VLTs in the permanent charitable casinos but not in the bingo halls, thus making an unlevel playing field in which they are expropriating our customers. Horse bettors are blackjack and poker players, they are not VLT or slot machine players. In essence, they will displace the bingo customers and their spending, who will go to the other gambling establishments to get to where the VLTs are, to the detriment of the charitable gaming sector.

When we don't receive the same and fair opportunities as the others will receive, it will be a dark day in the bingo industry. This is not only unethical but unreasonable. That the Ontario Alcohol and Gaming Commission makes the rules and the laws for their casinos and for



their VLTs and also for our bingo industry and then decides to put VLTs in all parts of gaming except for bingo is immoral. If the charities experience a 25% loss of their customer base, this would result in more than an 80% loss to the drop, to our and to our charities' profits, based on the calculations used in determining profit for bingos.

We feel that using the bingo halls in Ontario for the first wave of the VLTs, in conjunction with the racetracks, is the logical choice. There are over 300 bingo halls in Ontario, compared to the eight or so racetracks. Our bingo halls in the town of Fort Erie, for example, are open 16 hours a day, 365 days a year. We suggest that bingo is the very tool that is needed to have a proactive approach in introducing VLTs to the marketplace in a safe and controlled environment.

In closing, we know that bingo must be included in the first wave of the VLTs, and we expect the same consideration as the other stakeholders in the gaming industry. Remember the old expression that there is no sense cutting off your nose to spite your face? We believe strongly that bingo is the face of the gaming industry in Ontario.

Thank you for your time and consideration in regard to this important matter. I am done, and I will answer any questions if you have any.

1610

**The Acting Chair:** Thank you, Mr Cameron, for your presentation. That leaves us about four minutes per caucus for questions, beginning with the government side.

**Mr Klees:** Thank you for your presentation. As a committee we have a difficult time sometimes weighing all the factors. We've heard from representatives of the bingo industry, if I can put it that way; we've heard from the racetracks; we've heard from really all corners. One of the tensions we have here is that everyone's saying, "Let me into the game." Then of course we have the other side of this discussion that says, "Don't do it at all."

What we have a difficult time doing as a committee sometimes is separating and weighing where people are coming from in their presentations and trying to determine whether the presentations are from a parochial position. Obviously, if you're in business and your profits depend on it, then you will be parochial, and that's fair. We understand that you have to make a profit. You're employing a lot of people, so you have to guard your own industry. Sometimes presentations here are made from a partisan standpoint and we have to be able to determine where the partisan issues are so that at the end of the day we can make the right decision for the people of Ontario. We're entrusted with that responsibility.

You argue that you should be considered in the first wave. I want to make it very clear that one of the reasons that the government is proposing to stage the introduction of VLTs is because we want to have an opportunity to monitor very carefully what the impact is of the VLTs in our communities. We want to be able to then take a look at the second stage. When we make that decision, there are members on this committee who are very concerned that that next stage of introduction of VLTs, if it takes place, only takes place if this government is assured that

it's the right thing to do, that there are not negative impacts in the community, that there are not negative social effects, and for whatever negative social effects perhaps in place that we see evolving, that we've got mitigating protections in place for those people being affected.

You make a very important point, and that is that while there are perhaps eight racetracks, there are over 300 bingo halls. I just want to give you that information, that if bingo halls are not included in that first wave, it has nothing to do with this government's attitude towards bingo halls. It has everything to do with the fact that when we do introduce, it will be done in a secure way, in a planned way, that we're not going helter-skelter across the province. I'm not sure that message is getting across. I wanted to give you an opportunity and those in your industry an opportunity to understand what the rationale is behind the staging of the introduction of these VLTs.

**The Acting Chair:** Mr Maves, you have about 30 seconds.

**Mr Maves:** I'll just make it a quick statement then, the fear that the bingos will be in trouble with the introduction of VLTs. I believe in Windsor the bingos initially experienced a loss but within a year were back to within 5% and in fact some were making even more. I just wanted to pass on some information to help mitigate some fears.

**The Acting Chair:** Now we move to the official opposition.

**Mr Crozier:** Good afternoon, Mr Cameron. We have four minutes to discuss your presentation, so I just want to steal about 30 seconds from that. The parliamentary assistant made comment about a press release that was issued today and made some comment about my comments. I just wanted to tell him that, yes, when I said this form of gambling is particularly addictive, especially for the young and the less-well-off, we have surveys that tell us that. I have said that the Tories are pushing full steam ahead to put slot machines in neighbourhood bars and restaurants without proper consultation with communities affected, because I strongly believe that the community should have the option to do that, and I'll have more to say on that through the next days of the hearing. I certainly, although this is a personal view, have come to the conclusion that the group most addicted to gambling today is the provincial government, and I said that in our opening statement at the beginning of these hearings. As I said when the PA was making comment about those, I'll stand behind everything I say.

At this stage, certainly, I, as a result of the hearings, am supportive of the VLTs, if — and I always say if — if we have to have them, in racetracks and charitable gaming sites.

Now we get to the question of bingo halls. It's been raised by several other bingo operators that you feel shortchanged, and well you might, because we don't know what's fair. Mr Klees made some comments about how the government feels about it. The point is that in all of this, when the government announced this and named racetracks, permanent charitable gaming sites and licensed establishments, it left bingo halls out. Notwithstanding what was just said, and I listened very carefully to it, I don't know whether we got a commitment that

bingo halls will be included; that may be something we'll have to determine later. Did you take any comfort from that?

**Mr Klees:** I'm prepared to provide clarification, Mr Crozier, if you give me your time.

**Mr Crozier:** Sure. I said we'll —

**The Acting Chair:** You have a minute of your time left. Do you want to give it to Mr Klees?

**Mr Crozier:** No, I'd like to hear this gentleman's comments, but if at some time he'd like to clarify it, that's fine. Did you feel any comfort in the comments about placing them in bingo halls?

**Mr Cameron:** No, not really, because I haven't ever heard anybody say yes, they would be going in. I can understand his position that they're trying to work them in to suit everybody in Ontario, but bingo halls are a huge industry and we should not be just left out of that loop. No one's ever said, yes, they're going to go into bingo halls for certain at some time.

**Mr Crozier:** Maybe Mr Klees in our final seconds would clarify that.

**Mr Klees:** What I said previously stands, of course, in that we want to stage the introduction. Certainly bingo halls are eligible to apply to become one of the sites for a charitable gaming hall. We urge you to make that application. In terms of the general proliferation, no, that certainly is not the government's intention at this point in time, but as I say, you have the opportunity to make your application to become one of the sites for a permanent charity gaming hall, and we urge you to do so.

**Mr Kormos:** Lots of luck, Mr Cameron. That warm fuzzy feeling that Mr Klees is trying to impart was neither authorized nor approved by the Premier's office.

Tell us about your business. You talk about 14 halls and the number of profits generated for charities. When you talk about paying out \$20 million in profits —

**Mr Bill Murdoch (Grey-Owen Sound):** Peter knows all about the Premier's office.

**Mr Kormos:** What do I know about the Premier's office? I know that this Premier's office is as corrupt as any Premier's office has ever been and as much controlled by the spin doctors and the pollsters and the big money boys as any other right-wing government has ever been. That's what I know.

*Interjections.*

**The Acting Chair:** Members of the committee, please let's maintain the decorum we've had through the afternoon session.

**Mr Kormos:** Chair, you've got to try to keep order here.

**The Acting Chair:** Mr Kormos, go ahead.

**Mr Kormos:** When you talk about paying out \$20 million to charities, how does that break down? What's the breakdown in terms of the salaries you pay to your staff and the profits the company makes?

**Mr Cameron:** The \$20 million I talked about is the profit the charities in the Niagara region made; bottom-line, that's what they made, and they go spend it however they feel they should. It has nothing to do with my end or how I make it. The charities basically make a dollar and a half, I make a dollar. If they don't make any money, I certainly don't make any money, and if they lose money, I lose half.

**Mr Kormos:** The \$20 million you say was paid out, I presume that's per annum?

**Mr Cameron:** That was for the year, yes.

**Mr Kormos:** And you say that's the charities' piece of the action.

**Mr Cameron:** Yes.

**Mr Kormos:** So what's the company's end of the action?

**Mr Cameron:** It would be somewhere around \$10 to \$12 million. They pay their employees. That's a guess. I can say in my halls how they work, but I can't say how, in the 14 in the Niagara region, it really works.

**Mr Kormos:** I get the impression that to date, without cannibalization, which is inevitable, the industry has served charities and been a reasonably profitable one.

**Mr Cameron:** Yes. Bingo has been running for a long time without asking for any handouts from anybody, without getting any grants. As a matter of fact, the people who run the bingos are the people who have been getting their grants taken away from them and are still able to come up with the money to pay for the things that need to be done. They're not asking for handouts from anybody.

**Mr Kormos:** So the ratio — did I get you right? — is that for every buck and a half the charity gets, the operator gets a buck?

**Mr Cameron:** Yes, and they have to pay for everything out of that, the cards, the wages —

**Mr Kormos:** I understand. What types of wages are paid in the bingo business?

**Mr Cameron:** It's salary for the people who run the hall, who work in the concession, the managers who hand out the cards, the callers.

**Mr Kormos:** What type of wages are they?

**Mr Cameron:** The lowest is about \$8 an hour, and the highest as much as \$12 to \$14 an hour.

**Mr Kormos:** In the 14 parlours you've got, how many full-time help?

**Mr Cameron:** No, we have four in the Niagara region. There's 14 halls in the Niagara Region; we have four.

**Mr Kormos:** Oh, you have four of the 14. So of your four halls, how many full-time jobs are there?

**Mr Cameron:** There would be 120.

**Mr Kormos:** That's 120 full 40-hour, 36-hour, 37-hour week?

**Mr Cameron:** Yes.

**The Acting Chair:** Thank you, Mr Cameron, for coming before the committee today, and pass on our regards to Duncan. I'm sorry he couldn't make it, but you did a good job. Thanks for your time.

I'll call down the list again to see if these people have arrived yet: Capt'n Billy's, Wade Grant; Port Colborne Community Action, Mary Ellen DuPon; Swanee's Restaurant, John MacDonald.

This committee will recess for five minutes until the next group arrives.

*The committee recessed from 1623 to 1634.*

**The Chair:** I call the meeting to order. We still do not have any presenters present and therefore I am readjourning this meeting till 4:55. At that time we will reconvene and proceed with the last two presenters.

*The committee recessed from 1635 to 1640.*



## JEFF NEWMAN

**The Chair:** Ladies and gentlemen of the committee, we'll reconvene at this time. The time is 4:40. I understand that Mr Jeff Newman, instead of a no-show, is here to make a presentation to us. I welcome you, Mr Newman, and request that you proceed. We have 20 minutes.

**Mr Jeff Newman:** My name is Jeff Newman. I'd like to thank you for the opportunity of speaking on Bill 75. I'm presently a consultant for Paradise Casino. I'm also on several boards for local non-profit groups in the town of Fort Erie. We do the charity three-day roving casinos throughout Fort Erie.

Seventeen months ago, the Gaming Control Commission implemented a new game of chance called hold 'em poker, which we feel saved the charity casino industry. When contacted about Bill 75, our charities and myself welcomed it with open arms. We feel the funds that would be raised will help us continue with our programs throughout the town of Fort Erie. We feel the VLTs will be tightly regulated and it would help put us on a level playing field with the government-run casino in the city of Niagara Falls.

Many jobs will be saved because of this bill, but I have one concern, and that is that the timing of the VLTs is crucial when they are brought into play. We feel that when the VLTs are brought into the racetracks throughout Ontario, if they're brought in prior to the opening of the 50 permanent charity casino locations throughout Ontario, this will definitely hurt our industries. Many customers ask us on a daily basis, "When are the VLTs coming?" Our customers will definitely be VLT players, and all we're asking for is to be put on a level playing field.

As far as the bill itself is concerned, for a quick recap, we are definitely in favour of it. We feel that the funds raised will help many charities throughout Fort Erie, as well as throughout Ontario, sustain their programs. Many of these programs are not government funded and the only source of revenue they have is through fund-raising. Again, the only thing we ask is that when the 50 charity casinos are to be opened, we request that that be the time the racetracks throughout the province of Ontario — that they be issued at the same time. That is our only concern about the VLTs.

I thank you for the opportunity of speaking to you, and I'll take any questions.

**The Chair:** Thank you, Mr Newman. We have approximately three minutes a caucus.

**Mr Crozier:** Good afternoon, Mr Newman. Your request is very clear. One of the things we've suggested to the government in this whole issue is that we have to go slowly enough that it's done right. The government has also said this, that they want to implement it in such a fashion that they won't make some of the mistakes that have been made in other jurisdictions, albeit that the government is in such dire need of cash that they can't delay too long. On the one hand, time is of the essence, and on the other hand, they say they want to do it right.

The problem you present to them, by asking — I just want to get your idea of the timing of it. If they do the racetrack introduction and the permanent charitable casino site introduction at the same time, there has to be a lot of work done to lead up to that. In other words, they have

to decide how many and where the charitable casinos are going to be. There has to be application made via the permanent charitable casinos. They have to treat everybody fairly and go through all those applications. We've got 300 bingo halls possibly that have been told to apply for these 30 to 50 charitable gaming sites. Goodness knows, I hope, since you've had a roving one, that you have a fair chance of getting one of the permanent ones, but you've got this competition from 300 possible bingo halls. Racetracks have said that they'd like to have charitable bingo halls there.

So all of this has to be done, and that's all going to take time. I'm not so sure that the racetracks will be as patient or will be patient at all. What's the time frame you'd like to see this in?

**Mr Newman:** The time frame I'm looking at, in a nutshell, is that they all be opened at the same time, whatever length of time it takes for the processing, for screening the operators for the full-time charity casinos. As we're all quite aware, the industry itself has gotten so cutthroat, in terms of the charity casinos, that some people are doing things that are against the rules, and until they're actually caught red-handed, it's making it tough for a lot of people. By implementing the permanent sites, that's going to eliminate all the shenanigans going on out there, so in turn, our charities are going to get their fair share.

As far as timing is concerned, we would like to see it being done at the same time. In other words, if a charity casino is located in Toronto, Fort Erie, anywhere else, we would like to see that the VLTs are implemented at the same time as the racetracks, as well as the permanent sites.

If one is open prior, we feel our industry will suffer greatly. In other words, if racetracks are the first phase and they're the only ones that get them, and then for us to try to survive on a three-day roving charity casino, we feel our industry will be hurt. If they're implemented at the same time, with the level playing field that will give us, we feel we will be able to compete and survive and our charities will be able to fund-raise.

As far as the actual timing of when they're going to implement, if they're going to implement these VLTs throughout the province of Ontario, the time frame to me really is irrelevant.

**Mr Crozier:** How many roving charitable casinos are there at this time?

**Mr Newman:** How many different operators throughout the province?

**Mr Crozier:** Yes, operators.

**Mr Newman:** I haven't the foggiest idea. The company I represent operates in three different towns throughout Ontario, and we run on a daily basis. We run every single day in Fort Erie, we run every day in Hamilton and we run every day in Toronto.

**Mr Crozier:** Can the parliamentary assistant tell me? I'm looking for a figure. How many operators are there at present out there?

**Mr Flaherty:** I can probably find that. I know it's very difficult to regulate — that's one of the problems — because there are so many of them in so many places.

**Mr Crozier:** But do we know?

**Mr Flaherty:** I'll see if I can find out for you the number of roving casinos.

**Ms Elizabeth McGregor:** I know there are 9,000 days of roving casinos. I'll have to check on the actual number.

**Mr Crozier:** I'd just appreciate some time — I just hadn't thought to ask the question before about how many operators there are like yours.

**Mr Newman:** I'm speculating somewhere between 40 and 50 operators throughout Ontario. A lot of them have gone — in three words or less — bankrupt prior to the implementation of the hold 'em poker game. That was about 17 months ago. Since then, that has definitely saved the industry.

What has happened with a lot of different places, even in Toronto, with just the blackjack itself, they've basically been blackjacked to death; they want more variety of games. And with some of the overheads a lot of people in the charities have to pay for, with the competition out there — I know one place we left in Toronto, prior to the hold 'em poker we were paying \$2,500 rent for three days; that same location now is \$10,000. That's hurting the charities. With this on a permanent site structure, if they implement it similar to the bingo halls, I think that's going to give everybody a fair shake.

**Mr Crozier:** Is hold 'em poker like canasta, Mr Chairman?

**The Chair:** I was going to ask him. Why don't you ask him? I'll give you an extra 30 seconds.

**Mr Crozier:** I don't know what hold 'em poker is. What's that?

**Mr Newman:** Hold 'em poker is a game of chance where the house takes a percentage out of every pot. Eleven players are allowed to sit down at a table at any given time. It's a form of seven-card stud, but the house takes a percentage out of every pot.

**Mr Kormos:** It's called a rake.

**Mr Crozier:** The house gets a rake, right?

**Mr Newman:** Exactly. They get a rake.

**Mr Crozier:** Now I understand.

**Mr Kormos:** If you try that in your basement, you get busted.

1650

Do you really think there's going to be a charity casino in Niagara region?

**Mr Newman:** I'm hoping there is, for the simple reason — and congratulations to the city of Niagara Falls for being chosen. But I really feel deep down in my heart that Fort Erie was definitely one of the front runners, as we have a 100-year history of gaming in the town; for example, the racetrack. I feel that we were one of the front runners and unfortunately we were not one of the ones that was selected on the border, so I figure, since we were one of the front runners for the government casino, we should have the opportunity of having a permanent charity casino.

**Mr Kormos:** I agree, Fort Erie was a front runner. I became increasingly impressed with the types of arguments that they were presenting. Tim Hudak tried as best he could but the Premier stiffed him. He gave it to Bart Maves.

**Mr Klees:** You know what that's all about.

**Mr Kormos:** Two rookie MPPs and you got to make a choice, and there you go. Bart got the casino, Tim got —

**Mr Crozier:** The shaft.

**Mr Kormos:** — the shaft. That's the gold mine rules.

Because the casino operator in Niagara Falls is going to be investing a whole whack of money and that is going to be probably a far more lucrative, I'm confident of this, casino location than Windsor ever could dream of because of the natural tourist traffic through there. After investing that kind of money — because what we've heard all day and all week and all last week is that nobody wants to share. Do you really think that the casino operator in Niagara Falls, with a multimillion-dollar — I don't know how many millions of dollars they're going to spend — is going to put up for one minute with a competitor 20 minutes down the road?

**Mr Newman:** I don't think the people themselves have really got too much to say in the matter. I really feel that the people themselves, a lot of people in the Niagara region who have been employed by numerous operators, are not going to be employed by this group. So in turn, you're going to hurt a lot of jobs. Also, if I'm not mistaken, the moneys are going to the government coffers, if I'm correct, where none of it is going to the local non-profit groups. There are a lot of groups in this area that rely on that funding and I'm sure, at least I'm hoping, the government will recognize that fact and give one or two, if not three, somewhere throughout the Niagara region because we need the jobs and the non-profit groups definitely need the funds.

**Mr Kormos:** Hope springs eternal.

**Mr Hudak:** Perhaps Mr Kormos could help me with some lessons on how to get closer to a Premier in Ontario.

**Mr Kormos:** Now, listen, I was able to make choices about whether or not I wanted to be in the back pocket of a Premier. You're just along for the ride. You have no idea what you're doing there, you're just happier there.

**Mr Hudak:** Mr Newman, we had some interesting meetings after the casino was announced in the falls and you know I supported the casino for Fort Erie. We didn't get it, but rest assured, we're going to fight for one charity event site for Fort Erie and that's why I support this legislation.

Let's talk about that for a second. Let's talk about the charity event site in terms of how it works right now with these roving Monte Carlos. In your opinion, are the charities currently getting their fair share of the money throughout Ontario from the roving Monte Carlos, or would we better off with a permanent site, do you think?

**Mr Newman:** I think the bottom line is definitely you should have a permanent site. I'll give you a real quick — for the small town of Fort Erie, with running 10 events a month, just on rentals alone we are paying in excess of \$15,000. Based on our split with our charities, that's 60%; 60% of that revenue could be given to the local non-profit groups. The advertising — a lot of the players are not aware of where you are. We'll float. One day you're here, one day you're there. I think the permanent site should be done.



**Mr Hudak:** Especially considering, if I understand correctly, you have a large number of American customers who may have some trouble finding out where the charity event site might be on a given night. But you make it a permanent site, you advertise, you set up the decor nicely, and you're saying that it will be of substantial benefit to the charities in Fort Erie and the area.

**Mr Newman:** I agree wholeheartedly. Seven or eight years ago, who would ever think the town of Fort Erie could sustain four bingo halls. By putting them in permanent sites and the people are fully aware of where they are, they're normally quite busy, and thank God for the industry itself and thank God for the revenues it's raised for the non-profit groups.

**Mr Hudak:** One more thing to bring up, and I don't mean to offend the business, but we've heard this. I certainly don't agree with this and Mr Flaherty calls this the neo-prohibitionist viewpoint. There are some people who come before the committee and some — not Mr Crozier but other members of the opposition — who look down their noses at what you do, who say that you're taking advantage of the poor and the desperate in society and that we shouldn't have any kind of dealing with types of individuals who work in your establishments. So are these charity event sites, these Monte Carlos, filled with these kind of individuals or are they average working people trying to raise their families, save up money for school? What do you think about that, Jeff?

**Mr Newman:** I've had this discussion before with people in the past and I've said to them all, "Please, one time, before you make a decision, come to our casinos and find out who the clients actually are." Such a cross-section. The majority of my customers here in Fort Erie are definitely from the States. We have lawyers, we have doctors, we have prison guards, we have police officers, insurance agents. These are the people who basically can afford to come anyway.

**Mr Hudak:** In terms of the people who work with Paradise Casino and other establishments like it, if we followed what the opposition wants us to do and some other groups and banned this type of gambling in Ontario, what would happen to those people and their families, people who work every day in your establishments?

**Mr Newman:** With our company itself, for Fort Erie alone, we have 75 people who are employed on a full-time basis and approximately 25 to 50 on a part-time basis. There's such a cross-section of people. These are single mothers who are working, who have taken some sort of training, whom we've hired. These are grandparents. We have a gentleman who has spina bifida, where, let's face it, he probably would not get a job anywhere else. We have given him the opportunity. It turns out he's one of the best dealers we actually have. These people here, if this was ever shut down, would be going to the welfare office.

**Mr Hudak:** Anybody else I could pass my time on to, any other member of our committee, or else I'll ask another question. If nobody else on our side, maybe I could ask again about your customers in the future.

There are different types of customers that go to different events. Are you going to be competing with the

break-opens, with the bingos, or with the 15 million visitors coming to Niagara, staying overnight with Casino Niagara, with the American customers, I think 1.1 million people within a few hours' drive? Do you think it's an issue of what the opposition would say is cannibalization or do you think this is an opportunity to grow the business so that the track and the charity event sites can benefit?

**Mr Newman:** I think it's an opportunity where everybody, if marketed properly, could capitalize on other people coming in. I don't want to get into bingo versus the charity casino versus break-open tickets, but a classic example, one of the locations in Fort Erie where we do have a charity casino is upstairs of a bingo hall. Talking with the owner of that, neither of us is being affected by it. I personally feel that bingo players are bingo players and the charity casino — the majority of the industry now is hold 'em poker players. That's their own breed. That's a totally different ball game. Break-open tickets, we don't have them in the charity casinos, so I couldn't really give you a stand on that.

**Mr Hudak:** In terms of the revenues from the charities, what's your view on this? What do you think your friends in the charities would advise? Do you want to see a central fund set up in Toronto where you would apply for a grant to get that money or do you think the money that's raised in the Fort Erie area should go back into Fort Erie area charities?

**Mr Newman:** Being a member of several groups, I would obviously like to see it stay in Fort Erie, depending on how it's done. If it's like how we do it right now, where a charity is allowed to do fund-raising for a three-day event and they're only allowed to do that twice a month, if it's similar to, I would say, a bingo, where this day is your time spot and that's your fund-raising and whatever splits the government has worked out or will work out, that's fine. If it's something along the lines of VLTs — I don't know whether they could be monitored on a daily basis, maybe a monthly basis — then what I would suggest is it would be divided among the groups that actually ran it for that month, something like a super bingo. If I'm correct, it's to divide it up monthly among them on a time for each group that ran it. As far as centralizing it to Toronto, I might have a bit of a problem with that. I'd rather see it stay locally.

**The Chair:** Mr Newman, thank you for your presentation here today.

#### PORT COLBORNE COMMUNITY ACTION

**The Chair:** The Port Colborne Community Action, Mary Ellen DuPont. Welcome, Ms DuPont, and my apologies for taking you out of order and making you wait 20 minutes. There's been some confusion here today.

**Mr Crozier:** All on the government side.

**The Chair:** My apologies to you. I'm pleased you're here, if you could proceed.

**Ms Mary Ellen DuPont:** Thank you. I appreciate the opportunity of being able to present today. I am Mary Ellen DuPont, a member of Port Colborne Community Action. Port Colborne Community Action is a group of citizens from the Port Colborne area who have concern

for the wellbeing of our community. As members of the public, we are here today to express our concerns with video lottery terminals and the establishment of VLTs in our community. Quite frankly, we do not wish to see VLTs become a commonplace part of our society. We do not support the widespread use of video lottery terminals across the province of Ontario.

1700

Patrons of casinos and racetracks can attend those specific locations to gamble. If VLTs are to be located anywhere, then perhaps racetracks or casinos would seem to be a more logical site. A member of the community who chooses to attend a racetrack or a casino at least knows that he or she is at a location where there is gambling. If I attend a restaurant or another licensed establishment, I'm not necessarily choosing a location where gambling takes place. When we have our families with us, many of us do not wish to expose our children to gambling and VLTs.

I personally do not wish to make gambling seem like an everyday happening. This exposure on a local basis to this persuasive form of gambling seems only to legitimize gambling to make it an accepted form of recreation. From my own personal experience with charity casinos, as a board member of an organization that hosted a charity casino, I saw at first hand the effects of gambling. It made a lasting impression on me. Gambling is in no way a fun thing to do. Those people attending the charity casino did not seem to be having fun; in fact few of the patrons walked away as winners.

As a member of a non-profit agency, the group that was involved with the charity casino at that time agreed that we would never again be involved in gambling. We feel there are other ways to raise money to fund-raise in our community. We feel that the addition of video lottery terminals only ensures that most players lose money and the only way we can say it is they seem to ensure this. As a community action group, we have great concerns about that and we don't wish to see that happening in our community.

That's basically my presentation. I've watched the committee hearings on TV and I haven't often seen a lot of community groups or ordinary people making presentations, and that's why I felt compelled to come here today as a representative of my group.

**The Chair:** I'm pleased you did. We have five minutes per caucus and we'll start off with Mr Kormos.

**Mr Kormos:** Ms DuPon, one of the concerns that has been expressed is the sort of message that this gives to people in general, and that is that you don't work to achieve a goal; you pursue your goal and your dream proverbially with a roll of the dice, literally with the flick of the wrist and the flop of a loonie into a slot — the illusion of winning when in fact we know that there are no winners, there are only losers in the gaming industry, other than the people who own the gaming industry. Do you have concerns about that type of message, that type of image?

**Ms DuPon:** That's probably one of the main concerns we would have, that basically you're sort of buying into a dream when you put your coin into that machine. That's certainly not the image we want to see in our

community. We want to see people being able to work, to have jobs, and that's the way they would buy into their dream.

**Mr Kormos:** I know.

**Ms DuPon:** We just have this idea that if you see the VLTs all over the place, it becomes a legitimate way of trying to make money, and we know you don't make money, you lose.

**Mr Kormos:** Knowing that the government has a majority of members, that ever since — where's Bill Murdoch? Ever since he got his wrist slapped over being outspoken about the government's ability to fund education, and another colleague — ever since those two got taken into the woodshed, short of my good friend Chris Stockwell, we haven't seen government members prepared to speak up and stand up to the government.

**Mr Rollins:** You weren't in the woodshed.

**The Chair:** He was in the woodshed.

**Mr Kormos:** Noting that, we know that the legislation is going to pass. I'm not going to vote for it. I doubt if the other opposition members are going to vote for it either; I doubt very much. But we are going to be proposing amendments to try to make the best of a bad thing.

What about signs in visible lettering on each and every slot machine telling people that your chances of losing are far greater than of winning and that the longer you play the more likely you are to lose? Would that be some modest way — because I'm afraid of these machines — would that meet your approval in view of the fact that we're going to have live with these slots one way or another?

**Ms DuPon:** It would be better to project a negative image than a positive image, and the fact that you're saying that if the machine had the sign, the message that said you have more opportunity to lose, then that would do that.

**Mr Kormos:** What about a sign that clearly indicated that out of every dollar you spend on this machine X number of dollars is going to the owner of the machine, X number of cents is going to the government of Ontario etc? Would you advocate similarly a breakdown of letting people know where each and every penny that they're feeding that machine is going to go?

**Ms DuPon:** I think that would be a benefit as well. You should know where your dollars are going.

**Mr Kormos:** In your organization I trust you deal with the concept of healthy communities among other things?

**Ms DuPon:** Yes.

**Mr Kormos:** Earlier today we heard from Heather Scott and her colleague from the New Port treatment program, who didn't want to get involved in the debate of pro- or anti-slot because they saw that as a moral issue. I'm sure it is a moral issue. Do you also see it as a public health issue in the context of healthy communities?

**Ms DuPon:** I certainly think it would be part of a healthy community image. I don't know where anyone can say that gambling is healthy for the community. It only creates losers; very few winners.

**Mr Kormos:** Another phenomenon is that wide-open gambling jurisdictions — with 20,000 slots I don't know



how you couldn't call Ontario a wide-open gambling jurisdiction — especially with slots, organized crime is attracted like flies to cowflops. Do you have concerns about the fact that this government's basically going to be sending out an invitation to the mob, to organized crime, in communities where they've got these slots spread helter-skelter?

**Ms DuPon:** I think the history of gambling has shown there's always been an involvement of organized crime, and if we have widespread usage, I just don't know how you can build controls in the system that will prevent that.

**Mr Kormos:** Now it's the government members. They're going to try to persuade that this is a good thing, that it's good for you too and that you should enjoy coughing up loonie after loonie to finance a government that's increasingly morally bankrupt and needs to pick your pockets.

**Mr Rollins:** Paying off your debts, Peter.

**Mr Murdoch:** Who put us in debt, Peter? What government put us in debt?

**Mr Rollins:** Who opened casinos?

**Mr Kormos:** With these yahoos howling and squealing — it's remarkable how when I get close to a nerve they just shriek out in pain.

**Mr Murdoch:** It's when you don't happen to tell the truth; that's what happens.

**Mr Kormos:** Go ahead, watch this.

**The Chair:** Thank you, Mr Kormos. We'll move on to Mr Flaherty and Mr Klees.

**Mr Flaherty:** Chair, if I may, because of the outlandish statements of Mr Kormos, I have to yield a moment or two to Mr Murdoch.

**Mr Murdoch:** I understood that somebody mentioned that when we got in trouble we wouldn't be speaking out. First of all, I never get in any trouble for speaking out against the government, and if I don't like something I'll be doing it again too. I want to make that quite clear to Mr Kormos.

**Mr Kormos:** Oh Billy, God bless you. You're my kind of man. They need more of you over there.

**Mr Rollins:** Another fellow who spoke out too was me, and I didn't get in any trouble either. I didn't see you in the woodshed, Peter.

1710

**Mr Flaherty:** I listened carefully to your presentation, and I would like to ask you about what it is you're really opposed to. First of all, we have video lottery machines in the province of Ontario. Right now, we have somewhere between 15,000 and 25,000 so-called grey machines operating in the province. You mentioned the involvement of organized crime in gambling, and that's always been a concern of every jurisdiction that's addressed it, but you can guess who's getting the revenue now from those 15,000 to 25,000 machines. It's not the government of Ontario and it's not the charities of Ontario. It's not any worthwhile cause and it's not going to treat gambling addiction. The evidence we've had before this committee is that money is leaving the province. That's a grave concern to the government of Ontario.

Do you know what break-out tickets are?

**Ms DuPon:** Yes.

**Mr Flaherty:** You see them all over the place, corner stores, everywhere — a form of gaming?

**Ms DuPon:** Yes.

**Mr Flaherty:** Are you against those?

**Ms DuPon:** I have grave concerns about the break-open tickets as well, personally speaking.

**Mr Flaherty:** These lottery tickets that are sold all over the place?

**Ms DuPon:** I personally rarely buy lottery tickets.

**Mr Flaherty:** So you don't like those either? Sport Select tickets?

**Ms DuPon:** I have no knowledge of them.

**Mr Flaherty:** They sell them in the stores too and people bet on sports events by picking things. What about casinos?

**Ms DuPon:** I have concerns with gambling.

**Mr Flaherty:** Racetracks, where people bet?

**Ms DuPon:** I would say personally that perhaps at a racetrack there's more opportunity, that you don't necessarily have to go there to gamble.

**Mr Flaherty:** Most people do, though, don't they?

**Ms DuPon:** I have no idea; I imagine a lot of them do.

**Mr Flaherty:** I understand your concern with gaming. I think all of the members of this committee of any political party have similar concerns because we care about the welfare of our neighbours, speaking generally. I must suggest to you, though, that the majority of the people of Ontario, the vast majority, tend to behave responsibly and that, similarly, a majority of the people in Ontario consider the kind of gaming that I've just gone through with you, racetracks right through these break-out tickets and picking winners of hockey games and so on, to be a form of entertainment or fun. You and I or some members of the committee may not share that enjoyment from buying break-open tickets. I've never bought one but I've seen people use them, and it doesn't really excite me in any way.

What I'm getting at is, what is the role of government in this situation? Our government's view is that our role is to make sure that gambling is strictly regulated in the province; that gaming such as video lotteries, which is already here, is turned to the profit of the people of Ontario and the charities of the people of Ontario rather than to illegal sources; and that it be brought in in a phased and staged way with very serious penalties for those who would disobey the law.

If one accepts that this form of gaming is acceptable to the majority of the people in the province as a form of entertainment, then do you agree with the controlled, phased-in, cautious approach that the government is taking?

**Ms DuPon:** I'd have to answer that on two levels. I don't necessarily believe that two wrongs make a right, and even though there are illegal machines in the province already, by the government legitimizing newer machines, whatever, it just makes it more commonplace.

**Mr Flaherty:** What about alcohol? Should we ban alcohol in Ontario? It hurts a lot of people; 1% to 2% of the population gets addicted to it, like gambling. Should we ban it?

**Ms DuPon:** That's a long-standing problem that can't be cured within a day or two, or a year or two, or a century or two.

**Mr Flaherty:** So is gaming. Human nature doesn't change, does it?

**Ms DuPon:** No, it doesn't, but I don't think you should make it as accessible as possible.

**Mr Flaherty:** Then should we only sell alcohol on Tuesday mornings from 8 till 10 and only in Toronto?

**Ms DuPon:** If we could just sell alcohol in the LCBO stores, we'd be quite happy with that. I don't think we should privatize those.

**Mr Flaherty:** What you're advocating is the prohibitionist view, which, with the greatest respect, simply has not worked anywhere it's been tried in the western world. We had more people die of alcoholism during Prohibition than since Prohibition, because what happens when you drive an activity underground is that the suffering of the vulnerable increases rather than decreases. It's an interesting phenomenon. Thank you for coming today.

**Mr Crozier:** Good afternoon. I don't know whether I should apologize for how patronizing we can get sometimes, but sometimes we can. I'd like to ask the parliamentary assistant if you could provide the statistical data that shows that more people died during Prohibition due to alcohol than since. I'd like some research. Do you have any research data?

**Mr Flaherty:** I'd like to see your research in support of your allegation in this press release. Let me see your research that supports the misrepresentations in here.

**Mr Crozier:** I'll provide you with my written background for that.

**Mr Flaherty:** I'll look forward to seeing it. Let us know what your position is on the bill, will you, what it is each day, before we start each day.

**Mr Crozier:** My position on the bill is that I support the location of VLTs in racetracks.

*Interjections.*

**The Chair:** Mr Crozier has the floor.

**Mr Crozier:** I do not support it in bars or restaurants that are licensed. It's very clear.

**Mr Flaherty:** What's Mr Kennedy's position today, the absent Mr Kennedy? Is he out campaigning again for the leadership?

*Interjections.*

**Mr Crozier:** Chair, could I have your help?

**The Chair:** Yes, you can, Mr Crozier. It is late in the day, but Mr Crozier does have the floor. He has listened attentively without interrupting anyone for most of today, and he deserves the same consideration from this committee.

**Mr Crozier:** What I'm asking, Chair, is something that's quite normal on these committees. The parliamentary assistant represents the minister, the parliamentary assistant has made a statement, and I merely would like him to provide me with the research data that support his statement or withdraw his statement, one or the other.

Back to your statement: By and large, I understand, appreciate and sympathize with your position. Earlier on, it was mentioned about the illegal gambling and gangsters. I read this into the record before, but you may not

have been here. The government will say that to rid ourselves of these illegal gambling machines we're going to make it legal. But Goodman, in a research paper in 1994 entitled *Legalized Gambling Strategy for Economic Development*, said, "Organized crime remains an active provider of gambling products in its own market niche." Rose, in a paper, *Gambling and the Law*, said expanding legalization increases the number of people who gamble and provides organized crime with access to a larger consumer pool. He went on to say:

"In the words of a former Chicago mobster: 'There always existed one solid constant. Any new form or expansion of legal gambling always increased our client base. The stooges who approved Las Vegas nights, offtrack betting, lotteries etc became our unwitting front men and partners. The publicity gave people a perception of gambling as healthy entertainment.'"

Those are two research papers that made that statement. I want to inform you of my opinion on this. Earlier you said that people don't want to take their children to an area where they're exposed to gambling. In those licensed establishments that opt into the VLT game, you won't be able to take anyone in there under the age of 19.

**Mr Flaherty:** That's not accurate; that's not what the bill says.

**Mr Crozier:** Excuse me, sir; I haven't finished yet. I said that those that opt in, and some of those are family restaurants, if they want to have the gaming as part of their restaurant area where you can play a game at your table or your bar or whatever, depending on where they define that area and what pressure they feel from competition, may not be family restaurants any more. I emphasize "may not be"; it's a choice they'll make. They may have it in an separate area, but if those games are in the area where liquor or food is served, they won't be able to entertain or have anyone under the age of 19. It's my understanding only those who work there perhaps as busboys or busepersons will be able to.

Your concerns are valid. I, like you, wish some things weren't the way they are, but I appreciate the fact that you came forward to express how you feel about it. I don't think your position needs to be belittled at all. I congratulate you for feeling the way you do.

**The Chair:** Thank you, Ms DuPon, for attending today.

**Mr Kormos:** If I may, the Chair has ruled these types of queries or inquiries in order before. As you know — this is a follow-up to the comments Mr Crozier made — Mr Flaherty is the parliamentary assistant to the Minister of Consumer and Commercial Relations. The Minister of Consumer and Commercial Relations and that ministry are responsible for the supervision of the LCBO and the LLBO as we know it now, responsible for the distribution of alcohol and spirits and the regulation of their sale within the province of Ontario. The parliamentary assistant said today that more people died from alcoholism during the period of Prohibition than died in a regime where there was no Prohibition. For a parliamentary assistant to a minister responsible for the sale and distribution and alcohol, and who has the responsibility to do



so in a way which protects vulnerable people from the ravaging impacts of alcohol, it is a most alarming thing.

Mr Crozier attempted to persist in asking Mr Flaherty to please provide a source for that observation. It certainly couldn't have been a personal or anecdotal experience, because Mr Flaherty simply isn't old enough. I too would be interested in that. If that's the case, so be it, but for the parliamentary assistant to the minister responsible for the sale and distribution and regulation of alcohol in this province to make that sort of statement off the cuff I think is a very serious thing. It reflects seriously upon the government. Certainly I think people like Mothers Against Drunk Driving, People to Reduce Impaired Driving Everywhere, a whole bunch of concerned advocates on behalf of victims of drunk drivers are going to be very interested in what he had to say. People who work in addiction research, Alcoholics Anonymous and other things will be interested in that information.

I am formally requesting, and I believe I join Mr Crozier — Mr Crozier initiated the request — that Mr Flaherty, as parliamentary assistant, provide his source or some authority for that very bold and interesting statement. He may well be right, in which case he should be pleased to provide the authority or the source. I'm interested. I think that's a legitimate query to make of Mr Flaherty, a legitimate request of two representatives.

**The Chair:** Thank you, Mr Kormos. You've made the request to Mr Flaherty.

Do you wish to say anything at this time, Mr Flaherty?

**Mr Flaherty:** I have a point of information on something that came up earlier.

**The Chair:** Do you want to provide that today or some other day?

**Mr Flaherty:** Now, if I may.

**The Chair:** Please proceed.

**Mr Crozier:** Just a point of order first: What is the point of information?

**Mr Flaherty:** You asked a question about Monte Carlo events and the number of operators.

**Mr Crozier:** I thought it had to do with the procedural matter.

**Mr Flaherty:** No. The information is that there are 103 companies registered as gaming service buyers, that is, charity casino operators, of which 52 run Monte Carlo events.

**Mr Murdoch:** Pretty good service, eh?

**Mr Crozier:** Yes.

**The Chair:** For the purpose of the record, the clerk has ascertained that the 5:20 appointment would be highly unlikely to be here on time from their office, so we will be adjourning at this time to 9 am in Toronto, the Macdonald Block, room M2-17.

*The committee adjourned at 1723.*

## ERRATUM

No.	Page	Column	Line	Should read:
J-29	J-963	2	50	a study conducted by Dr Marfels of Dalhousie University





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Mr John L. Parker (York East / -Est PC)  
Mr David Ramsay (Timiskaming L)  
Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
Mrs Barbara Fisher (Bruce PC) for Mr Ron Johnson  
Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
Mr Bert Johnson (Perth PC) for Mr Doyle  
Mr Gerard Kennedy (York South / -Sud L) for Mr Conway  
Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton  
Mr Bart Maves (Niagara Falls PC) for Mr Parker  
Mr Bill Murdoch (Grey-Owen Sound PC) for Mr Guzzo  
Mr E.J. Douglas Rollins (Quinte PC) for Mr Leadston

#### **Also taking part / Autres participants et participantes:**

Ms Elizabeth McGregor, special assistant, legislative/policy/MPP liaison, MCCR

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service



## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 14 August 1996

# Journal des débats (Hansard)

Mercredi 14 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public





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LEGISLATIVE ASSEMBLY OF ONTARIO  
**STANDING COMMITTEE ON  
 ADMINISTRATION OF JUSTICE**

Wednesday 14 August 1996

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO  
**COMITÉ PERMANENT DE  
 L'ADMINISTRATION DE LA JUSTICE**

Mercredi 14 août 1996

*The committee met at 0859 in room M2-17, Macdonald Block, Toronto.*

**ALCOHOL, GAMING AND CHARITY  
 FUNDING PUBLIC INTEREST ACT, 1996  
 LOI DE 1996 RÉGISSANT LES ALCOOLS,  
 LES JEUX ET LE FINANCEMENT  
 DES ORGANISMES DE BIENFAISANCE  
 DANS L'INTÉRÊT PUBLIC**

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / *Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.*

**ATLANTIC LOTTERY CORP**

**The Chair (Mr Gerry Martiniuk):** Good morning. Via videoconferencing we have Mr Brian Fraser, the senior technology analyst, and Mr Paul Burns, project manager of marketing, Atlantic Lottery Corp. This is the standing committee on administration of justice, as you've probably been advised. We are considering Bill 75, which is a bill that, first, amalgamates the regulation functions of liquor and gambling into one commission, and second, introduces for the first time legally in Ontario video lottery terminals, which are proposed, first, to be phased in at racetracks and permanent charity casinos, and second, to be extended at some undetermined time to liquor licence establishments in Ontario. Would you like to proceed to give us some background of how the operation is operating in Atlantic Canada?

**Mr Brian Fraser:** It sounds like a good place to start. We haven't got a lot, but we can certainly give you a brief summary of our operations. The Atlantic Lottery Corp operates a video lottery program in the four Atlantic provinces. New Brunswick was the first one online in Canada, in December 1990, and the other three provinces followed quickly, in 1991.

From a technical aspect, which is nearest and dearest to my heart, we have one set of technical requirements and one system that runs all four provinces. We're running a dial-up system; that is to say our system collects financial and statistical information in one day. We do have the capabilities to communicate with the terminals any time we wish through our hotline services

group for daily maintenance, changing machines and such during the day.

There are minor variations in the programs within the four provinces, but those deal specifically with things such as the payout percentages of the games and some of the options that are allowed on some of the terminals. For example, New Brunswick allows the use of bill acceptors directly integrated in the machines where the other provinces do not.

The programs themselves, as far as operational is concerned, diverge a little bit, even though the technical aspects are the same. In New Brunswick and Prince Edward Island, the machines are owned and operated by private industry. The dramatic difference from the other provinces is that the machines are offered in convenience stores or corner stores in New Brunswick and Prince Edward Island. In our Nova Scotia and Newfoundland programs, the entire program, including machine operation, maintenance and sales, is entirely operated by the Atlantic Lottery Corp, and we are operating in age-controlled establishments only in those two provinces.

Statistically, our entire network across the four provinces consists of approximately 9,500 terminals. That works out to, ballpark, 3,000 establishments. Again, you have to keep in mind the different programs. New Brunswick and PEI have a higher concentration of machines through the operation in convenience stores. Our average number as far as revenue is concerned is, if we average it out over the four provinces, a net profit per week — and that's before the split between the operating parties — of around \$550 per terminal.

Right now, just as a little bit on a technical note, although we have several different manufacturers of video lottery terminals approved in our jurisdiction, there are three main ones that are supporting our program that have machines operating and are supplying us with new equipment and software as we go through.

That's it in a nutshell for what we're doing. We weren't sure exactly what sort of questions you had for us, so we thought we'd start with a very brief introduction and go from there.

**The Chair:** Thank you very much. Excuse me. I did not welcome you and thank you for taking the trouble to be our expert witnesses this morning.

**Mr Fraser:** Can I interrupt for a second? Loto-Québec is on the other line. Gentlemen, you're aware that Loto-Québec has requested to listen in on this through audio?

**The Chair:** Yes. We are speaking to them at 10 o'clock, a scheduled presentation.

Fine. Perhaps we can start, and we will rotate through each of the parties.



**Mr Jim Flaherty (Durham Centre):** Good morning. Just as a point of fact, so I make sure I understand the situation correctly, in the four maritime provinces that you're referring to did each of the provinces amalgamate its gaming and alcohol commissions, or is there just one commission?

**Mr Fraser:** No, they did not. Each province maintains its own lotteries commission or gaming and alcohol commission, depending on the province. The part that is amalgamated is the operation of it through Atlantic Lotto, but there is another level on top of us, so to speak, that's regulated by each province.

**Mr Flaherty:** With respect to issues such as restricting access by minors to video lotteries, who's responsible for that regulatory function?

**Mr Fraser:** The governments of each province, the lotteries commissions.

**Mr Flaherty:** If you're in a position to answer this, what has been your experience in dealing with that regulatory requirement of minors not being permitted to play the machines?

**Mr Fraser:** I'm not so sure that we'd be in a position to say absolutely. Since Atlantic Lotto's a very visible organization, when there are problems they tend to phone us first and the calls are forwarded through our public relations department. Without having the actual numbers, I think in general it's been a very minor issue along the way. In Newfoundland and Nova Scotia, where we are in regulated establishments, for the most part there haven't been any issues that I know of.

**Mr Paul Burns:** No, because the regulations in reference to the liquor licensing would be your limiting factor there. Because they're age-controlled, then minors wouldn't be getting in to begin with.

**Mr Fraser:** Although it's worth noting that in Nova Scotia they have recently changed the rules for liquor licensing to allow minors in some establishments during the day for the purpose of using the restaurant facilities.

**Mr Flaherty:** Are there any specific issues concerning the implementation of video lotteries that you've experienced in the maritime provinces that we should be wary of or aware of here as we embark on that process? I realize that's a very broad question, but what we're looking for are some of the things that may be obvious to you that may not be obvious to us, being new to this.

**Mr Fraser:** Specific to implementation itself, Paul and I were both involved quite hands on when we started. There's obviously the technical logistics of getting terminals out there and approved. Depending on what approval criteria you put in for the establishments, if you go with licensed establishments — from the preliminary stuff we read, I'm making that assumption — if you piggyback your approvals of the establishment with your existing liquor licensing, you may not have a problem, but if you're doing any type of separate approval for each establishment — we've seen this in other jurisdictions as well — just processing that volume of information through can be a headache at the start. You have to throw a lot of resources at it to just get the paperwork cleared, no other reason.

Depending on the technical aspect, which suppliers you go with, which central system is going to be used, typi-

cally it's not the same group of people that have the central system and have the terminals. Sometimes it is and sometimes it isn't. There are some technical challenges there, although from every jurisdiction that it's gone in, they've managed to overcome them, including us.

**0910**

There is a lot of work to be done on the startup, but it's all doable if you throw the right resources at it. One of the mazes we saw was technical approval, manufacturers' approval as well, if you haven't started that process already in the background, because that can sometimes take quite a while to actually approve the manufacturers to operate in the province.

**Mr Burns:** The other issue in reference to establishments is the difference between an establishment that has a liquor licence and an establishment that is age-controlled. That's one of the areas we had to specifically define up front, specifically in restaurants, where they may have a liquor licence or a table licence to serve alcohol with meals but it may not necessarily be age-controlled. That's another aspect to keep in mind.

**Mr Flaherty:** How did you deal with that situation you just described?

**Mr Burns:** What we did specifically with the restaurant situation is we had to set measures and ensure that the physical location of the terminals would be secure such that they would be in a separate area other than the main restaurant and that this area would be age-controlled within the location itself.

**Mr Bruce Crozier (Essex South):** Good morning, gentlemen. I should advise you that I'm a member of the official opposition, although we have many common concerns with the government on the introduction of these VLTs. Is it fair to say that you're better equipped this morning to advise us from a technical standpoint than you are from what I might call the human aspect?

**Mr Fraser:** That would be correct, sir.

**Mr Crozier:** With all due respect, I'm not a technical person, so I don't know just exactly what we're going to learn from this this morning relative to what we've been speaking to in our meetings across the province. But to begin with, I'd like to just get a quick overview of security. With reasonable assuredness, I expect, the system is sophisticated and secure so that it can't be tampered with?

**Mr Fraser:** That is correct.

**Mr Crozier:** Any problems that you've ever had with them, or is this a case of simply being careful that you get the right manufacturer of machine and those technical aspects?

**Mr Fraser:** It's primarily with the work you do up front, both in selecting your vendors to begin with and as an ongoing process for approval. My area of expertise is the actual physical approval of the terminals themselves from a hardware and software point of view. That's where the security parameters are tested, from the physical aspects as well as the accounting aspects, to make sure everything is correct, that there are sufficient backup systems in the event of failures to ensure that your accounting security is there.

Our system also has features in place that check to see if anybody has tampered with the machines from a

software point of view, if someone has attempted to change the code to alter the play of the games. Most systems have the ability to detect that from an online point of view. So it's primarily work up front.

Any problems we've had with security have been along the lines of the physical aspect. As with any break-in, someone will break into the establishment and physically force the machine open to take money out of it.

**Mr Crozier:** Where are the machines that you use manufactured?

**Mr Fraser:** We have several vendors that are approved. Our main suppliers right now who are actively participating in the program, one is a Canadian and two are American.

**Mr Crozier:** And the Canadian one is located where?

**Mr Fraser:** New Brunswick. Spiel Gaming International.

**Mr Crozier:** Thank you. I move on maybe beyond the technical question, but you might be able to help us from your experience. I see that in Nova Scotia they are only in licensed establishments. Is that correct?

**Mr Fraser:** That is correct.

**Mr Crozier:** So it's in New Brunswick where they are in corner stores, snack bars and convenience stores?

**Mr Fraser:** And Prince Edward Island.

**Mr Crozier:** And Prince Edward Island. How does the commission in all or any one of them determine where these machines are going to be located? Is it through an application, investigation, that sort of process?

**Mr Fraser:** Yes. The regulations state where the machines are allowed to begin with. In New Brunswick and PEI, where there are private operators, the site will apply for a licence to have the machines, numbers based on what the regulations allow for, and that application is processed through the New Brunswick government.

**Mr Crozier:** Can you tell us from your knowledge of the operation of it if these locations somehow have to qualify from an amount of business they do, a certain minimum standard of volume?

**Mr Fraser:** Yes. That is written into all the regulations, from my understanding, that the revenue from video lottery can only be a certain percentage of your overall business. That was put in place primarily for convenience stores so someone didn't open up essentially a store with three bags of chips in a corner and two video lottery machines and try and call that a convenience store. So yes, there are strict regulations. I don't know the exact numbers, but there are strict regulations on that.

**Mr Crozier:** Thank you. That's good information. Is there also a minimum volume that you're aware of? In other words, you've described where it can't be your total business, but I'm trying to get a handle on, if the number of machines is limited, there must be some way of determining who's going to get those machines.

**Mr Fraser:** The number of machines per establishment is limited in New Brunswick. The overall number of machines in the province is not limited. It's only limited by the number of signups.

**Mr Crozier:** So that maximum volume would apply in New Brunswick. In any of the jurisdictions, are the numbers of machines limited, though, or capped?

**Mr Fraser:** They are currently in Prince Edward Island, yes. That was a recent change to their program.

**Mr Crozier:** Are you aware of how they determine who gets these machines, the limited number of machines?

**Mr Fraser:** It was capped to the existing numbers as of, I believe, May or June of this year. There are six or seven private operators — Prince Edward Island is a small province — operating in that province. They are limited to the number of machines they physically have as of today. If, for example, a new site opens up, it's the operator's decision to remove machines from an establishment that may not be performing as well revenue-wise to put into a new establishment. That's his business decision, where they go.

**Mr Crozier:** The private operator makes that decision. Okay.

As far as municipalities are concerned, is there in any of the jurisdictions the situation where it's a local option of the municipality?

**Mr Fraser:** None that I'm aware of, no.

**Mr Crozier:** So it's province-wide. The municipalities, if they don't want them in their municipalities, it's tough luck? The province and/or the private operator, through their licensing, determine where they're going to go?

**Mr Fraser:** Yes.

**Mr Crozier:** Can you tell us just a bit about payouts? Do the payouts vary by jurisdiction? I'm not very familiar with these, obviously, because of all the thousands of grey machines they say are around the province, I'll be darned if I know the location of one of them. How do the payouts work on this?

I might say the Tories know where they all are, apparently. That's just a little bit of humour.

0920

**The Chair:** You'll have to excuse — we have this unique partisanship in this province, and periodically we will get comments that are not terribly relevant.

**Mr Crozier:** Yes, you're right. We're back to payouts, if you could help me, please.

**Mr Fraser:** Payout percentage in our terminals is regulated, set, card-coded and tested in each machine before the machines are approved, so there's no variation. Let me be clear up front that there's no variation on the payout percentage of our games once they're installed. Our payout percentage per province is set. There are some minor variations in the way the regulations read. We are currently operating in New Brunswick at a 90% payout per game, we are operating in Prince Edward Island at 93%, and Newfoundland and Nova Scotia are operating with 95% games.

**Mr Peter Kormos (Welland-Thorold):** Thank you kindly, gentlemen. You mentioned one Canadian supplier from eastern Canada. Who are the two American suppliers that are being used?

**Mr Fraser:** IGT, based out of Nevada. They have local distributors here in Canada but the main manufacturing and head offices are in Nevada. I understand at one point they had a manufacturing plant in Manitoba. I'm not sure if that's still operational or not. And Video Lottery Consultants, VLC, out of Montana. They are also the current supplier of our central system.



**Mr Kormos:** When you speak of operators, you're referring to the people who have ownership of the machines?

**Mr Fraser:** Yes.

**Mr Kormos:** How many operators are there in each of the four provincial jurisdictions?

**Mr Fraser:** There are approximately 90 private operators in New Brunswick, there are seven in Prince Edward Island, and for Nova Scotia and Newfoundland there are none because Atlantic Lottery operates in those two provinces.

**Mr Kormos:** You made reference to IGT having some sort of relationship as an operator as well as a supplier of machines.

**Mr Fraser:** No. They have a Canadian distributorship set up; that's the only point. By regulation, they are not allowed to have any involvement at the operator level. There are vertical integration rules in provincial regulations, site to operator to distributor.

**Mr Kormos:** How does one qualify to be an operator?

**Mr Fraser:** For New Brunswick, the first piece of the criteria is they have to be a member of the provincial coin operators association, the first step, and on top of that they had to be approved by the security department of the Atlantic Lottery Corp.

**Mr Kormos:** Surely there was a high level of competition among potential operators.

**Mr Fraser:** I believe that was the case, and still is.

**Mr Kormos:** Fair enough. I assume then that some applicants were out of the picture and others received approval for larger or lesser numbers of machines.

**Mr Fraser:** From the private operator aspect of it, and New Brunswick is your best example, they are limited by regulation, each having 250 machines. One private operator cannot essentially take over the entire province.

**Mr Kormos:** You spoke about 90% to 95% payout. Is a player playing against the machine or against the pool of machines within the province or within the four Atlantic regions?

**Mr Fraser:** He's playing against the machine itself. If you take away the security aspects of these machines, which you essentially can't do, but if you could picture it, you're essentially playing against that game on that machine.

**Mr Kormos:** With the 90% to 95% payout, do you have data or stats on the gross revenue per machine? Obviously you've got to talk about an average.

**Mr Fraser:** You can only really look at payout percentage of the game. We look to establish that a game is paying out correctly on a province-wide basis even though the player is playing against one game. You have to do that just for the statistical purposes of looking at the game design. A game won't average out to 95%, that we can tell for sure, until there are at least 10 million games played on it.

**Mr Kormos:** Sure, quite right. But what's the gross revenue, what's the amount bet per machine per annum, say?

**Interjection:** Per week. Ask him per week.

**Mr Fraser:** Bet per week? It depends on if you want some debate on what you want to use for revenue. We

don't particularly look at gross revenue, although we have cash-in values. Paul, do you have any numbers that ballpark it?

**Mr Burns:** Not on gross revenue.

**Mr Fraser:** We track net; cash in versus cash out. Because money is inserted in the machine does not necessarily mean that it's bet, believe it or not. Our players have an interesting way of playing the machines sometimes. For example, I can put \$10 in a machine physically; I can play or bet \$1 of that and cash out. If I look at what you're calling gross revenue of \$10, it's not necessarily the case, because the player just put the money in and took it right back out again. We see a lot of that with our players.

**Mr Kormos:** You talked about an operator having discretion to pull a machine from a location. I presume the location is licensed as well.

**Mr Fraser:** Yes, that is correct.

**Mr Kormos:** An operator has an option to pull the machine out. Is that a totally discretionary option?

**Mr Fraser:** Yes, it is.

**Mr Kormos:** If I'm a property owner and I apply for a licence for a machine to be placed in my location, I have to depend upon a willing operator to put a machine there if I want to be a host to a machine?

**Mr Fraser:** Yes, you have to depend on the private operators.

**Mr Burns:** In the private operators area. In the other two provinces where it's run by the Atlantic Lottery Corp, then there are set criteria based on minimum coin in. So long as you maintain your level in the other two provinces run by the corporation, then you will maintain your machines. If you drop below the set criteria, then your machines could be removed and given to a higher-volume account.

**Mr Kormos:** How does the host or the operator submit their revenues to the government? Does it happen on a weekly basis? Is it as a result of a printout that they write a cheque? In addition to that question, who empties the machines?

**Mr Fraser:** The revenue collected by the Atlantic Lottery Corp is collected from the private operator. For New Brunswick and Prince Edward, where private operators are involved, we do an electronic funds transfer on a weekly basis. The sharing of revenue between the operator and the establishment or the retailer site is between those two groups. Just to make it clear, in Newfoundland and Nova Scotia, where Atlantic Lottery is essentially the operator of the machines, we do direct electronic funds transfer from the retailer's account and the retailer physically handles the money in the terminals; it's their responsibility.

**Mr Kormos:** In the jurisdictions where you've got governmental control, effectively, of the placement of machines, what is the minimum revenue for a host to maintain a machine in their location?

**Mr Fraser:** It varies per geographical area, in all honesty. It's a business decision. In general, if you look at something like metropolitan Halifax, we have high-volume accounts, a lot more revenue, so the criteria there are different than when we get out to rural Newfound-

land, for example, where we don't expect to have the same volume of revenue from some of these very small clubs.

**Mr Kormos:** You must have some data on what type of host will generate more revenue, aside from the geographic location and the size of population.

**Mr Fraser:** I don't know if there's a clear definition of which one in general works better.

**Mr Kormos:** Clearly there's a distinction between drinking establishments and, let's say, corner stores, where you're not going to see people drinking while they're playing presumably. Is there any distinction there in the types of revenue that are generated, especially when it's adjusted for the population base you're servicing?

**Mr Burns:** No, because we haven't been specifically at this point tracking the revenue data in the private operator locations to see what areas are doing better. We track that within the governmental locations but not within the private operator areas.

**Mr Fraser:** And private operators is where you see the difference.

0930

**Mr Kormos:** Getting back to a hosting location, does that location apply for a licence for the placement of a machine before any arrangement is made with an operator who owns the machine?

**Mr Fraser:** I am not sure of the exact sequence of those events, in all honesty.

**Mr Kormos:** Is there any appeal process for a host whose machine is pulled in any of the four jurisdictions to say: "No, I have a licence. You shouldn't have pulled my machine"?

**Mr Fraser:** Not to my knowledge, but that hasn't been an issue for us, in all honesty.

**Mr Kormos:** Because there are more machines than there are hosts?

**Mr Fraser:** In New Brunswick, for example, where we have 80 to 90 private operators, if one operator makes a business decision — say for example his local 7 Eleven store is not generating him enough revenue that it's worth his while to maintain it — if he leaves, there are 80 other businessmen ready to take his place, so that doesn't become an issue for New Brunswick.

In Nova Scotia and Newfoundland, any time we remove a machine because of low revenue — we're making the same business case — it's usually a discussion between the establishment and our sales representatives and they usually come to a mutual agreement that the machine is not necessary.

**Mr Kormos:** You've got three different suppliers currently: one Canadian, two American. Obviously, different suppliers manufacture different machines and one thing involved in marketing a machine is to say, "This machine will generate greater revenues than competitor XYZ." Is there a process whereby the lottery supervision reviews or clears a given type of machine before it's acceptable in one of the jurisdictions?

**Mr Fraser:** Absolutely, but that clearance is not based on revenue generation.

**Mr Kormos:** What's it based on?

**Mr Fraser:** Its technical and security aspects, that it meets our technical requirements, it meets all the regulatory requirements of the four provincial governments.

**Mr Kormos:** So the issue then is primarily integrity of the system?

**Mr Fraser:** Yes, absolutely. When we approve machines we set essentially the same criteria for all four provinces. When the technical approval is done, which as you correctly stated is primarily based on the overall integrity, they become available for use. It doesn't necessarily mean that anybody is going to buy them and place them. We have essentially nine different manufacturers approved for our jurisdictions; we've got probably 15 different models of video lottery terminals technically approved. It will be either Atlantic Lottery's marketing and sales department's decision or the coin operator's decision to purchase those terminals and place them. They're the ones who make the marketing decisions. So up front it is an integrity issue, and when it comes for example to Atlantic Lottery purchasing terminals, the marketing and sales staff will do an analysis based on potential revenue, those types of decisions.

**Mr Kormos:** Thank you, gentlemen.

**The Chair:** We're going to have to even out. At this moment the government has used five minutes, Mr Crozier has used nine minutes and you have used some 14 minutes.

**Mr Kormos:** That's hard to believe, Chair.

**The Chair:** I know it's hard to believe. Time passes when you're having fun, Mr Kormos.

**Mr Frank Klees (York-Mackenzie):** I have a couple of questions. Do I assume correctly that you would also manage and oversee other charitable gaming within your province such as break-open tickets and bingos and the like?

**Mr Fraser:** The Atlantic Lottery Corp does not specifically oversee charitable organizations. Break-open tickets are part of our product mix, but they're sold with our other products.

**Mr Klees:** In that case do you have any experience, since the introduction of video lotteries, of what effect that has had on your other products, specifically break-open tickets and the like? Has there been a direct displacement of sales of that product since the introduction of video lotteries?

**Mr Burns:** I don't have that information available at this point.

**Mr Fraser:** I think in general, no, without having the specific numbers available, but I don't believe that was the case in our divisional products, which include 6/49, Super 7, our scratch-and-win products, instant tickets. There wasn't a direct cannibalization.

**Mr Klees:** So you can conclude that video lotteries would address a different market segment.

**Mr Burns:** Exactly.

**Mr Klees:** Okay. Another question: You may be aware that our finance minister indicated in our last budget that 2% of revenues from video lotteries would be dedicated to the development of a problem gaming strategy. Could you comment, in your experience, whether in your opinion that would be an appropriate level of dedication



of funds? Also, is there a similar allocation within the Atlantic provinces to the development of such a strategy?

**Mr Fraser:** There's currently no direct allocation of funds to that. Correct, Paul?

**Mr Burns:** They're talking about earmarking now, but I'm not sure if it has been implemented yet.

**Mr Fraser:** Any issues to do with problem gaming are the responsibility of the lottery commissions of the provinces and currently not mandated to the Atlantic Lottery Corp to deal with that.

**Mr E.J. Douglas Rollins (Quinte):** Do you have bingos down there that you people are running?

**Mr Fraser:** No. There are lots of bingos here but not under our operation.

**Mr Rollins:** You have no information on that, after you put the video lotteries in, as to whether they had an effect on the bingo halls or of that nature?

**Mr Fraser:** No. We would have no information there at all, sir.

**Mr Rollins:** When your payout is better, when it's at the 95% both in Nova Scotia and Newfoundland, do you feel that there are more dollars being generated through those machines by players with a higher percentage of payout, or have you got any statistics on that?

**Mr Fraser:** It's one of those age-old things, actually.

**Mr Burns:** We're working with those numbers right now and it's a big debate of, if the payout goes higher, is there physically more cash in? That's what we're monitoring now because we have two different areas, some variant from 90% to 95%, and that's one of the areas we're looking at. Obviously, if the payout is at 95% we would have more play value or more play time for the amount of money as opposed to 90%. As far as specific information, that's what we're gathering at this point.

**Mr Rollins:** Have you got any statistics on the number of dollars put into each machine when a player comes in to activate that machine for the length of time the individual plays that machine?

**Mr Burns:** I think the average from the last research that we conducted was between \$5 and \$15.

**Mr Rollins:** Between \$5 and \$15 per time that a player comes in?

**Mr Fraser:** That's not statistical information off the system. That's through market research studies.

**Mr Rollins:** Right. I realize that.

**Mr Flaherty:** First of all, did the charities in the maritime provinces participate in the gaming revenues overall, not just in video lottery revenues, from the various products?

**Mr Fraser:** No.

**Mr Flaherty:** Is there gaming revenue in any way directed towards charities from any sources other than the lottery corporations? Let me ask you this way: How do they raise money?

**Mr Fraser:** The New Brunswick government directed some money towards an environmental trust fund from videos or scratch tickets, one or the other. In general the answer is no, but there are some specific instances. New Brunswick diverted some funds to an environmental trust fund and there are special arrangements in Nova Scotia to deal with gaming and some issues in some areas there.

0940

**Mr Flaherty:** Changing the subject a bit, going back to something that was raised earlier about the application process for video lotteries: In liquor licence applications in Ontario we have a hearing process if someone objects to the granting of a licence. Do you have any sort of similar process, if, for example, a community group or a neighbourhood group would object to the granting or the placing of licensing of video lotteries in a specific location in that community or neighbourhood?

**Mr Fraser:** No, not to my knowledge.

**Mr Flaherty:** Is it just an application process? That is, the person or corporation who would like to have the machines fills in an application and sends it in and then there's an assessment process?

**Mr Fraser:** Yes, there's an assessment process, an investigation. If they qualify, the machines are likely placed.

**Mr Flaherty:** And where there are competing applications, how do you deal with that?

**Mr Fraser:** I'm not sure I understand the question.

**Mr Flaherty:** If there are too many applications for one community, let's say, and you're overseeing the business and you look at it and you say, "This community cannot support too many of these video lotteries," how do you allocate them? Or has that never arisen? I may be asking an academic question.

**Mr Fraser:** There's no criteria in any province that says that there's — other than the current cap of overall machines in the province of Prince Edward Island, we have not faced that issue.

**Mr Terence H. Young (Halton Centre):** I realize this may be a very big question to answer, a difficult question to answer, but if you could just summarize briefly. If you were to do the whole thing over again, what would you do differently? In other words, what were the biggest mistakes that you made?

**Mr Flaherty:** Nice question.

**Mr Fraser:** That's a big question.

**Mr Young:** The biggest mistake.

**Mr Flaherty:** Those Upper Canadians again.

**Mr Crozier:** Getting the machines at all.

**Mr Young:** What would you caution us against?

**Mr Flaherty:** That's a better question.

**Mr Fraser:** A lot of our decisions were mandated by each provincial government, so as far as the Atlantic Lottery Corp goes, as it stands, we didn't have control over them. For example, we have some very different models of the program here. We've managed to run both and continue to run both simultaneously. So as far as cautioning what you should or shouldn't do, I don't know.

We've tried two different models as far as operation goes. We had a very quick implementation period from a technical point of view. We did this in three months. That was ambitious. It was doable. Other people have repeated it since, but it's very tough because you find that whoever actually gets the hands-on operation of this thing has an overwhelming number of issues to deal with up front. So it's good to have some time to plan this out correctly. I think that's probably the biggest caution of them all.

**Mr Burns:** Lead time.

**Mr Fraser:** Give whoever is going to run this for you the lead time required to do it and not to rush into this helter-skelter.

**The Chair:** We have now accumulated 15 minutes for the Conservatives, so I think we should move to the opposition, who have six minutes to top it up.

**Mr Garry J. Guzzo (Ottawa-Rideau):** Don't feel you have to.

**Mr Crozier:** That's right. I won't necessarily use all my time. But just to continue, gentlemen, on lead time. Again, I guess a broad question, but what are you suggesting? Six months, two months, a year?

**Mr Young:** We can learn from their experience, obviously.

**Mr Fraser:** It's going to depend on how your program ends up.

**Mr Crozier:** From a technical standpoint, initially what's going into racetracks? Help me on that, Chairman. How many VLTs are suggested for racetracks initially?

**The Chair:** They just talked about four racetracks; I don't know the number.

**Mr Crozier:** Just four racetracks; 500. So 2,000 machines initially, then another couple of thousand into what will be called "permanent charitable casinos" and then the balance, let's say 15,000 or fewer, into licensed establishments. It's been proposed that it would be in two phases. Let's say the first 5,000 machines go into as few as 60 locations. Then beyond that they could be anywhere in the province. So what kind of lead time, from a technical standpoint, are you suggesting?

**Mr Fraser:** A couple of months for that would be fine.

**Mr Crozier:** Pardon me?

**Mr Fraser:** Two months for actually physically placing the machines and rolling them out is a very rough guess. Where your variables will be is in setting up the technical operation of your operation, whether you go sole source for your computer system and your terminals, whether you're going to buy an existing system off the shelf and plug it in or, as with just about every jurisdiction, buy something that needs to be customized a bit. The best part is to leave those decisions to the people charged with doing it, because they'll be the best ones to put the plans in place for you to do it.

**Mr Crozier:** Okay. I don't think we've discussed this, but it's proposed in Ontario that the revenue will be divided roughly 10% to the host, to the licensed establishment. I realize that in the case of a private operator, that's negotiable. So let's either look at an average or look at what the province does. So 10% for operating, 10% for charities and let's say another 2% goes to the cause of problem and pathological gambling, and then the remainder, which is 65% to 70%, goes to the province. Can you help me on how that relates to the Atlantic provinces?

**Mr Guzzo:** On a point of order, Mr Chair: In fairness —

**Mr Crozier:** There's no point of order; there's no procedure here.

**Mr Guzzo:** Well, then I offer to help. Mr Crozier has quoted two gross figures and two net figures. I don't

know how you're going to calculate those, sir, and I apologize.

**Mr Crozier:** You let him do it then.

**Mr Guzzo:** If you knew what you were talking about and asked an intelligent question, it would be a lot easier for him to answer.

**The Chair:** Thanks for your assistance, Mr Guzzo, but that is not a point of order.

**Mr Crozier:** I take a little offence at the intelligent answer, but then I consider where it's coming from.

**The Chair:** Gentlemen, we have these people here to assist us. Let's proceed. Could you answer the question posed by Mr Crozier?

**Mr Fraser:** We're just having a debate here over our payout percentages, because they've changed since the initial operation. In New Brunswick, for example, when the program initially started 35% went to the government, 30% and 35% each to the establishment and operator, something along those lines. Because of the revenues that were generated, which I think took everybody by surprise as the program went on, the government has since shifted that to where the government now is in a phased-in approach over the next couple of years and is currently taking 50% of net; the operator gets 25% and the establishment gets 25%. Those numbers are shifting in the government's favour, phased in over the next couple of years.

Where the Atlantic Lottery Corp is running the entire operation and a private operator is not involved, Nova Scotia, the government, collects 80% of the revenues. These numbers are ballpark, gentlemen, and they may have shifted a couple of percentages in either direction since I last checked. In Newfoundland, it's around the 80% mark, but it's a tiered percentage based on revenue of the location. But it floats around the 80% mark for the government.

**Mr Burns:** Presently at 76%.

**The Chair:** Thank you, Mr Crozier. We are approaching the end of our discussions. We'll therefore go in rotation. Mr Kormos will have three minutes and each of the remaining parties will have two minutes each.

**0950**

**Mr Kormos:** In terms of the winnings, do you have a profile or some understanding of how much of the winnings are reinvested in the machine? That is to say, how much of winnings are simply played out as games as compared to cashed in and taken away in loonies?

**Mr Fraser:** Fair question. The games pay out at 95%; that's the game design structure. That translates into a net revenue of, what, 50%, when you ballpark it, percent of cash out, 55%. I know we're eating into your three minutes here, sir, but we're just doing some quick averages.

**Mr Burns:** The average is about 70%.

**Mr Fraser:** So 70% cash out?

**Mr Burns:** Yes.

**Mr Fraser:** So 70% of the cash in is cashed out.

**Mr Kormos:** So 70% of winnings are taken in cash as compared to played or reinvested in the machine?

**Mr Fraser:** Yes.

**Mr Kormos:** What types of winnings are those? I assume there are winnings anywhere from \$2 to, I don't know, \$2,000. Is there a distinction?



**Mr Fraser:** The limit in our province is that the maximum win is \$500 per game.

**Mr Kormos:** Is there a difference between a higher win and a lower win as to whether or not that's cashed out?

**Mr Fraser:** It's a fair question. We've asked that question through our market research, what players consider a win, at what level will they cash out. Some will cash out at double what they've invested. "Invest" may not be the right term. But if they put \$20 in the machine, when their cash balance gets to \$40 they will cash out. Others will have cash values; like, they'll say, "If I have a win at \$50, I cash that out." It varies from player to player. There's no firm, real definition. There are different player profiles on these games. Some like to kill time; some like to go for the big win. So it's real tough to get the right numbers.

**Mr Kormos:** I understand that at least one province requires by legislation that there be a study of the social, health, justice, economic and environmental impact of the slots. Have you seen any of the results of that mandated research?

**Mr Fraser:** No, I have not.

**Mr Burns:** No.

**Mr Fraser:** That's not being conducted by Atlantic Lottery.

**The Chair:** Thank you, Mr Kormos. We have two minutes left for the government.

**Mr Flaherty:** I have just one point to clarify on the plans in Ontario, that the first 8,500 machines would go into racetracks and permanent charity gaming halls; that's a total of 8,500. How do you regulate keeping under-aged persons from using the machines in corner stores where they're allowed in corner stores, which I believe was in New Brunswick and Prince Edward Island?

**Mr Fraser:** That's the responsibility of the New Brunswick government. They have inspectors, which also come under the liquor licensing act. So they have field inspectors who go out and monitor this.

**Mr Flaherty:** My other question related to the payouts. I believe we heard earlier that in New Brunswick it's 90%, in Prince Edward Island it's 93% and in Newfoundland and Nova Scotia it's 95%.

**Mr Fraser:** That is correct.

**Mr Flaherty:** Thank you. Can you help us as to how those percentages were determined?

**Mr Fraser:** Since we were the first ones in Canada, we had very limited expertise to draw on about what worked and what didn't. The only American model at the time was South Dakota, and New Brunswick basically copied from South Dakota. The regulations in all provinces state the range, and that allows for some movement for a business case without changing the regulations. For example, the regulations in Nova Scotia state that the games will pay out more than 80%; that's what the letter of the law states. From a business point of view, we are running our games at 95%. New Brunswick has a 10% range; New Brunswick says 80% to 90%. By setting a reasonable range, it allows some flexibility in the operation of the program. But we just took the best guess and went from there.

**The Chair:** Mr Colle, you have the last two minutes.

**Mr Mike Colle (Oakwood):** Just a question about what happened in Nova Scotia; I think they put video slots in the corner stores, then all hell broke loose and they took them out. What happened there?

**Mr Fraser:** That was a government decision to remove them from the corner stores.

**Mr Colle:** Why?

**Mr Fraser:** I don't know if I can speak for the government at the time, sir.

**Mr Colle:** Well, you must know what happened. You're involved in this.

**Mr Fraser:** Primarily it was public pressure that decided to take them out.

**Mr Colle:** What happened? What was happening in the corner stores in the neighbourhoods that they took them out? You must know; you're in the business.

**Mr Fraser:** From a personal point of view, sir, I don't think anything was happening in the corner stores. I think there was a public campaign, a media campaign to —

**Mr Colle:** So it was the media that caused this to happen, was it?

**The Chair:** Mr Colle, our guests are technical people, not politicians.

**Mr Colle:** He should know why they took them out of the stores. Was there something technically wrong with the machines?

**Mr Fraser:** There was nothing technically wrong with the machines, no, sir.

**Mr Colle:** So why did they take them out?

**Mr Fraser:** It was a government decision.

**Mr Colle:** Based on what?

**Mr Fraser:** I would assume it was pressure from the public.

**Mr Colle:** So you have no idea why the government decided to take these machines out.

**The Chair:** Mr Colle, our time is appropriately up at this moment. Gentlemen, we started exactly at 9. I would like to thank you very much for your presentation. It's been most valuable to us and no doubt we will be communicating in future as we progress. I thank you very much for your assistance.

**Mr Fraser:** It's been a pleasure. On behalf of Atlantic Lotto, I'd like to extend an invitation, if we can be of further assistance, to please contact us.

**The Chair:** Thank you. We have a couple of minutes and then we're starting at 10 am. So we have two or three minutes and Mr Guzzo is definitely first on the list; I promised him.

**Mr Guzzo:** Could we clarify a couple of points? Would it be worthwhile?

*Interjections.*

**The Chair:** Yes, Garry?

**Mr Guzzo:** No, I've just decided it wouldn't be worthwhile. Thank you.

**Mr Crozier:** Mr Chair, I want to clarify one thing. Mr Guzzo seems to be concerned about the intelligence of my questions. I want to say to Mr Guzzo, I haven't had the experience that you have had at gambling and, quite frankly, there's a hell of a lot about gambling I don't know. So when my question might appear to be not intelligent, it's intended so that I can learn something about this.

**Mr Guzzo:** I apologize if I offended you, Mr Crozier, but listen. It has nothing to do with gambling; it's a question of whether or not the 2% to charities is a gross figure or a net figure. It's a question of whether the 10% for overhead, to which you've referred, is a net figure or a gross figure. You have to remember that while you didn't get an answer from Mr Sterling the other day with what the payback would be, you have to figure that it's going to be around 90%. That's what it is in Atlantic City, that's what it is in Vegas. That's what it is down there. That's what it is every place except those grey machines that you can't find where it ranges anywhere from 0% to 70%.

**Mr Crozier:** But I wasn't talking about payout; I was talking about the share that each takes. I think they understood my question.

**Mr Guzzo:** No, they didn't, quite frankly, because they're —

**Mr Crozier:** Well, let's just finish the issue.

**Mr Guzzo:** You asked me a question, let me finish.

**Mr Crozier:** I didn't ask you a question, I made a comment to the Chair.

**Mr Guzzo:** Some of the figures you quoted were net and some of them were gross. How does he know? If you don't know, how does he know?

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## SOCIÉTÉ DES LOTERIES VIDÉO DU QUÉBEC

**The Chair:** Bonjour and good morning. First I take the opportunity to thank you for assisting us this morning. Second, I apologize that the proceedings unfortunately will have to be in English. Ordinarily in our Legislature there is instantaneous translation through Hansard both in the House and committees. We as a committee, however, are exploring a new science — videoconferencing is new to our Legislature — and we are in a very makeshift room which does not permit instantaneous translation. As a number of our members are deficient in French, including myself, my apologies again. We will be proceeding in English if we can.

**Mr Simon Brodeur:** I will try to do my best in English.

**The Chair:** Thank you very much. We have already heard this morning from the Atlantic Lottery Corp. I believe you may have listened in to part of that conversation.

Perhaps to start with I'll just explain to you that Bill 75, which is the bill this administration of justice committee is considering, does two things: (1) It combines the regulatory functions of liquor and gambling into one commission; and (2) for the first time in Ontario it introduces what are termed video lottery terminals as a legalized form of gambling. It is proposed, and this is something we're considering, that first they be introduced to racetracks, horse tracks, and certain permanent charitable casinos, and second, they eventually be phased to the hospitality industry, being liquor establishments only. That's basically what the bill does.

We have in the room members of the government, the opposition and the third party.

I should give you initially an opportunity to introduce the subject as you see it to us.

**Mr Brodeur:** Thank you very much. My name is Simon Brodeur. I'm general manager of the video lottery corporation in the province of Quebec. I'm with M<sup>me</sup> Lynn Roiter, director of legal services at Loto-Québec. Lynn is also a member of the board of what we call SLVQ, which is the corporation within Loto-Québec that operates video lotteries in the province.

First of all, let me take something like five minutes just to go through the operation of the program in the province of Quebec.

We operate in the province 14,500 video lottery machines, which is less than one per 500 population. We operate those video machines in 4,200 locations, which means we have generally an average of 3.5 machines per location. All the games and the monitoring of those games are done through our central system. The central system is located in Montreal and all the equipment is plugged into that system.

Every single equipment receives what we call certification; the equipment is certified to make sure that we offer to the public a fair product. All the equipment receive also an "immatriculation," which means it is government equipment. That is basically what we have in the market.

Various rules and regulations control what we can do with the equipment. The minimum payout to the public is set up at 83%. The current payout is at 92%. The maximum bet a customer can put on a single bet on the equipment is \$2.50. The actual bet is around \$1.50. The maximum win on specific equipment cannot be higher than \$1,000. The current maximum win has been set up at \$500 on each equipment.

The maximum number of VLTs that we can install on a specific liquor licence is set up at five. The actual number of VLTs per location averages 3.5 machines. That equipment is installed in bars, brasseries, taverns and three racetracks. Nobody can play on the equipment if they don't have majority, since we are in bars, brasseries and taverns, unless they are 18 years and over.

We cannot promote video lotteries in the province; no promotions, no advertising. Bar owners and staff of the equipment are not allowed to play on the equipment. Naturally, they cannot make any credit to any customer concerning playing on the equipment.

In terms of operational mode, we run the business with only 40 civil servant employees, which are part of the SLVQ. So you can imagine that those civil servants really bring a lot of benefit to the government.

We created around 300 direct jobs. Those people are installing the equipment in the field, doing the maintenance of the equipment in the field, answering the hotlines. They also run what we call central depot, where the equipment is repaired and where the equipment is prepared to be sent to a specific bar in the province. But all the decisions related to the purchasing of the equipment, where the equipment will be installed — let's say, in which bar it will be installed — that is a decision of Loto-Québec.

When I say that the private sector is involved in our business, it is not on a commission basis, it is on a fee



basis. As an example, every time that a technician goes to a bar to repair a machine, we pay only a monthly fee for that maintenance. The same thing for the operation of the central system: A company here in Montreal called CGI maintains that system and operation, but it doesn't receive any commission to do that; it's all done on a fee basis.

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During the last year of operation we gave to the bar owners the equivalent of \$93.7 million in terms of commission, which means around \$22,000 as an average per location. The result of our operation for 1995-96, the average revenue for a terminal, which is the net revenue, was \$535 per week per machine, which means \$76 per day. Among the total revenue of \$210 million, there's about \$28.4 million which was the operational expense. That excludes the depreciation of the equipment. The net revenue to the government was \$140 million during last year. The difference is in tax, depreciation and, naturally, retailers' compensation.

That gives you an overview of our program in the province of Quebec and we are here to answer your questions.

**Mr Colle:** Thank you very much, Simon, for your excellent overview. You're dealing with cash, I guess. What kind of currency is used in the machines?

**Mr Brodeur:** When we started the program we started with the quarter and the dollar. Actually, it is the dollar only; no bill acceptor right now.

**Mr Colle:** No bills accepted? Are you going to introduce any machines that use bills? Is that in the planning stage? Are there plans to introduce paper currency in the machines?

**Mr Brodeur:** Not right now, but it's always something we are looking at.

**Mr Colle:** Have there been any problems, when you're dealing with a cash business, in terms of potential theft or robbery if you have so much cash on hand in one location? Have there been any concerns about that? How do you transport the money? How do you ensure that everything is done in a safe and orderly fashion, that there isn't a threat in terms of robbery etc on the premises?

**Mr Brodeur:** It is done by the bar owner. Most of the bar owners rent what we call a change machine. It's a machine that they install on the wall. Once or twice a day they take the change from the cash box of the video lottery equipment and they drop it in the change machine on the wall. At the end of the day they empty the change machine and put that in a safe or deposit, drop it in the bank.

**Mr Colle:** There haven't been any problems, incidences of burglaries or robberies on these premises because there's extra cash on hand? That has not really been a problem, has it?

**Mr Brodeur:** It is not a big problem. It is the same thing as any other business. Those people have already money because they handle a lot of cash since they are bars and brasseries. It is just part of the business.

**Mr Colle:** You haven't seen an appreciable difference in terms of the fact they have these machines that are related to extra burglaries and stuff like that?

**Mr Brodeur:** If you want precise information on that, you should talk to the police in Quebec. But my feeling is that I didn't see any.

**Mr Crozier:** On the 14,500 machines that you have in licensed premises, is that a fixed cap?

**Mr Brodeur:** It is not a fixed cap. We purchased that equipment to answer what we believe will be the demand for those machines. Actually, with the 15,000 machines that we purchased in the province, based on the regulation we have, which is a maximum of five machines per location, we were able to answer the demand.

**Mr Crozier:** Certainly, since your average is about 3.5, that would indicate there aren't any plans in the near future for a demand to expand the machines.

**Mr Brodeur:** No, there is no plan right now. What we do is, let's say, on a weekly basis we look at the worst performers commercially in the province, and with the equipment we are taking off the market from the non-performers or the bars that are closing every week, or a bar in a golf course, for example, that is closed in December, we are taking those machines and inserting them into new bars.

**Mr Kormos:** I presume there has been a fairly high demand for these machines by tavern owners and bar owners. Is that correct?

**Mr Brodeur:** Actually, at present there are something like 9,000 alcohol permits, and we are installed in 4,200 locations. We are able to reach 50% of the establishments with those machines, if you call that a big demand; it's a fair demand.

**Mr Kormos:** Is one of the attractions of these machines — well, first of all, they provide some straight cash revenues for the bar owner. I trust that it's not labour-intensive, that there's not a whole lot of extra work on the part of the bar owner by virtue of putting these machines in his or her establishment.

**Mr Brodeur:** There is an administrative aspect related to the operation of the equipment. They have to give change every time the public wants change or whatever. There is that administrative aspect of the equipment. I would say it's probably a couple of hours a day, probably the equivalent of two or three hours a day, something like that.

**Mr Kormos:** So the labour component here is the 40 civil servants and the 300 technicians and other people who are involved with delivering machines, repairing them, redistributing them. Is that accurate?

**Mr Brodeur:** Yes. The whole program basically is run with 340 people in the province.

**Mr Kormos:** Again, notwithstanding the great cash revenues, this hasn't been a major job creation system. Although there are enormous cash revenues for government and tavern owners, we haven't seen a major increase in jobs or employment as a result of the 14,000 slot machines out there, other than casinos.

**Mr Brodeur:** It's very difficult to answer that question. If you want a figure, we can calculate that there's a certain percentage of the employees in bars who are dedicated to the video lottery, but I don't have any figure concerning that. The only thing I'd say is that direct employment is around 300-some in the province.

**Mr Kormos:** Are there areas of Quebec where there's a higher concentration or demand for the machines as contrasted to other areas? How do you describe those? How do you characterize those?

**Mr Brodeur:** I would say that it's equal around the province. Naturally, there are some areas in the province where there are fewer bars, so there is a lower percentage of machines installed, but it's about a 50% penetration of bars across the province.

**Mr Kormos:** You speak of 14,500 machines. Was there a single supplier for all of the machines?

**Mr Brodeur:** No. We operate four types of machines in the province. The reason is that we want to offer our customers a variety of games. It's a matter of security also.

**Mr Kormos:** Why do you say security? Can you explain that to us?

**Mr Brodeur:** Security in the sense that if you operate just one kind of machine and there is a hardware problem with the equipment, you jeopardize your revenue.

**Mr Kormos:** Who are the sources of the machines and where are they?

**Mr Brodeur:** What do you mean, the companies? We operate some VLC equipment, Video Lottery Consultants. We operate Williams equipment, Spielo equipment, and also a Quebec company called ETI equipment, and all that equipment was built in Quebec.

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**Mr Kormos:** The Williams and Spielo equipment were built in Quebec as well?

**Mr Brodeur:** Yes, everything.

**Mr Kormos:** Are Williams and Spielo Quebec-based companies or are they American companies?

**Mr Brodeur:** Williams is an American company, but there is a subsidiary in Quebec to assemble the equipment. Spielo is a company from Moncton, but the equipment was assembled in Quebec.

**Mr Kormos:** Do you know how much of the winnings are put back into the machine as compared to being cashed out?

**Mr Brodeur:** That is a very difficult question because the way it works is, if you put let's say \$10 on a specific equipment, you will replay that \$10 since it is a rate of return of 92%. So you put \$10, you win let's say \$9.20. That is just for an example, okay? You're going to play that \$9.20 again, so you're going to win \$8 and something. So it's really difficult, and those figures are worth nothing. The important thing is what is in the cash box, the net revenue at the end of the day.

**Mr Kormos:** I'm familiar with the Hull casino and the Montreal casino. I don't know if there are other casino locations in Quebec.

**Mr Brodeur:** There's another one in Charlebois.

**Mr Kormos:** How many of the 14,500 machines are in those three casinos?

**Mr Brodeur:** None of them.

**Mr Kormos:** Do you have similar types of coin play payout equipment in the casinos?

**Mr Brodeur:** Yes. Casinos are on the same payout. I think it's 91% or something.

**Mr Kormos:** But do you have slot machines or video lottery terminals in casinos?

**Ms Lynn Roiter:** Slot machines.

**Mr Brodeur:** It's slot machines only in casinos.

**Interjection:** There is a difference, Peter. We've been trying to tell you that.

**Mr Kormos:** I'm told they're called distributeurs automatiques.

*Interjection.*

**Ms Roiter:** Bank machine? No.

**Interjection:** They're called slot machines. It's the same in all languages, Peter.

**Mr Brodeur:** A video lottery machine is not a slot machine.

**Interjection:** You've got it in two languages now, Peter.

**Mr Kormos:** Tell us how many slot machines you have in your three casinos.

**Mr Brodeur:** Yes, slot machines only.

**Mr Kormos:** How many?

**Ms Roiter:** They're not on video.

**Mr Kormos:** I understand they're not electronic video machines. How many slot machines do you have in the three casinos?

**Ms Roiter:** There are 4,200 approximately, divided among three.

**Mr Kormos:** Quite right. What are the differences in revenues from the casino-based slots and the video lottery terminals, as you would call them, outside of the casinos?

**Mr Brodeur:** I cannot answer the question. I don't have the figure with me. But what I can say is, with the video lottery you have mentioned before, you're talking there about \$76 per day in terms of net revenue, which is I think a lot less than the casino.

**Mr Kormos:** How do you determine whether or not a host or a location is going to lose its machine? Where do they have to drop to in terms of revenues?

**Mr Brodeur:** There is no fixed amount of money or amount of net revenue. What we are doing is looking at the lesser performers in the province. As a good administrator, if a location somewhere is the lowest revenue in the province, we're going to decide, if the guy has three machines, to take out let's say one machine and put that in a location somewhere where somebody waits for a machine. It's more by looking at the revenue of each of the equipment in the province, so it's not like a fixed amount of money where we draw the line.

**Mr Kormos:** In a city like Montreal with a large casino operation, were the machines in the private locations before the casino or after the casino?

**Mr Brodeur:** After the arrival of the Montreal casino.

**Mr Kormos:** Do you have controls about how close machines are to each other within a municipality? Could two operators be next door to each other?

**Mr Brodeur:** Yes, if there are two bars on the same street.

**Mr Kormos:** Is there an appeal process for a location that has its machine taken away from it?

**Mr Brodeur:** Not really, because since we are the owner of the equipment, every single bar signs a contract with us, and on that contract it says it is at our discretion to decide to put a machine in the bar or take it out from a bar for the reasons that we are believing.



**Mr Kormos:** Some members of this committee have suggested that Quebec is a source of illegal gaming machines in Ontario. Have you had any exposure to that phenomenon?

**Mr Brodeur:** Not at all. The only thing that I know is, of course, if Ontario doesn't have video lotteries and an illegal machine has to be placed somewhere, it's going to be in your province.

**Mr Kormos:** How many illegal machines were in Quebec prior to the implementation of yours?

**Mr Brodeur:** Excuse me?

**Mr Kormos:** Was there any research done on the presence of so-called illegal machines in Quebec prior to the implementation of these locations?

**Mr Brodeur:** I cannot answer that question because we didn't do any study on that, so it was prior to the moment that Loto-Québec received a mandate. The police corps and the SQ in Quebec may be in a better position than us to talk about that.

**Mr Kormos:** Are you aware of whether or not that was an issue to justify the —

**Ms Roiter:** It was an issue, oui.

**Mr Brodeur:** It was an issue, and if you read the newspaper at the time, there were a lot of figures going out concerning the number of illegal machines at that time. So, yes, it was a preoccupation. It was not our preoccupation, but a preoccupation of the government.

**Mr Kormos:** Quite right. When you talk about the payout ranging from 83% to 92%, how does that vary? How is that adjusted?

**Mr Brodeur:** Just to be clear, maybe you didn't understand well. What I was saying is, on the regulation in the province, we cannot pay below 83%, but the actual payout is around 92%. It varies, let's say, plus and minus 1%. Let's say from 91% to 93%.

**Mr Kormos:** But who makes the decision as to what the payout is going to be, as long it's not below 83%?

**Mr Brodeur:** It's us as the operator of the video equipment in the province, and it's done through studies throughout North America.

**Mr Kormos:** What is going to affect the level of payout? What would affect the level of payout?

**Mr Brodeur:** On the equipment?

**Mr Kormos:** Yes.

**Mr Brodeur:** The payout is fixed on every single game. The only place where it can vary is, let's say on the poker game, if a player doesn't know how to play poker and he chooses bad cards, for example, the payout will be lower. But normally the payout is around the value that has been determined.

**Mr Kormos:** But what will affect the determination of that by your corporation?

**Mr Brodeur:** When we started the program in Quebec, we looked at that time at the way it had been decided in every single region in Canada, and also we looked at the States. We looked at the effect of that on, let's say, the net revenue of the equipment, and it was a commercial decision. It was the payout that gave a lot of pleasure to the players and revenue also to the corporation.

**Mr Kormos:** What's the cost per machine?

**Mr Brodeur:** It's around \$6,000 per machine, excluding tax.

**Mr Kormos:** Do you have life expectancies for these machines or do they have long life expectancies?

**Mr Brodeur:** In Quebec we established that life over a period of three years. So the depreciation is on three years, and the reason that you are not operating that equipment on, let's say, a triple A salon, it's in the bar, brasserie and tavernne, so there is a lot of humidity, there is a lot of dust there. So we didn't want to take any chance to put that on a longer period than three years. Also, the evolution of technology is very fast in the multimedia business, so we believed three years was more than enough.

**The Chair:** Thank you, Mr Kormos. We'll do some rotation.

1030

**Mr Guzzo:** Sir, I'd like to ask you a few questions with regard to the western part of the province, Gatineau, Aylmer and Hull, in particular the situation that existed there. You've told us you weren't aware of the grey machine market prior to getting in the business. Is that correct?

**Mr Brodeur:** Not aware — like anybody who reads the newspaper, so it was a preoccupation, but we didn't make any studies concerning illegal machines.

**Mr Guzzo:** In terms of your present operation, are you having a problem in the westerly part of the province at this time with regard to those illegal machines?

**Mr Brodeur:** The only thing I can say is that in the bars where we operate video lottery equipment, normally we don't see any more illegal machines there, but I cannot talk about the convenience store or other types of areas in the province. The police get to know where all the — maybe they will be in a better place than I am to answer those questions.

**Mr Guzzo:** Yes, but you're in business, so you know what the competition is doing. I'd like to switch from Gatineau and Aylmer over to the Cornwall area, the Akwesasne reserve. Are you aware of competition there?

**Mr Brodeur:** Akwesasne, not for the video business, anyway.

**Mr Guzzo:** Not for the video business?

**Mr Brodeur:** There's a difference between a casino and a video lottery —

**Mr Guzzo:** I know. We're just talking to video — you're suggesting that's not competition. Let me ask you then, sir, about the placements at racetracks. I understand from what I read that it's a gesture being taken by the government of your province with regard to maintaining the viability of the racing industry and the employment that's associated with it. Is that correct?

**Mr Brodeur:** Yes. In the province, let's say the maximum number per licence is established at five, but that figure of five has been different for the racetracks. There are three racetracks in the province.

**Mr Guzzo:** Is Connaught Park one of them?

**Mr Brodeur:** Not yet in the sense that there's no special decision already taken for the Aylmer track.

**Mr Guzzo:** There's been no decision made there. That's what you're saying?

**Mr Brodeur:** Not yet.

**Mr Guzzo:** You know that after two years' hiatus, Connaught Park is getting ready to open again for live racing.

**Mr Brodeur:** Yes. There has been no decision made on the number of video lotteries they will have at that track, but I can say in Montreal, for example, that number has been established at 125, the track in Quebec at 100 and in Trois-Rivières at 50 machines.

**Mr Guzzo:** You know that Connaught Park is not going to open unless they get a commitment for machines, don't you? There will continue to be no live racing at Connaught Park unless you make a commitment to them for machines. You're aware of that, are you not?

**Ms Roiter:** I think we have legislation that provides for the rules to get video lottery machines. In the case of racetracks the provision is that the racetrack makes an application to the Régie des alcools, des courses et des jeux, which is the alcohol, racing and gaming commission. That commission can give a permit and can determine a number of machines and it's submitted, I think, for government approval. So there is a process involved, I imagine. We can't comment on it; it's not our decision.

**Mr Guzzo:** But you will supervise those machines if they're placed in there, correct? They will be under your jurisdiction.

**Ms Roiter:** Yes.

**Mr Brodeur:** The same as all other tracks.

**Mr Flaherty:** Good morning. I'm one of the members of the government party, and it is our government that is proposing this legislation, Bill 75, which, among other things, would permit the introduction of video lotteries. Our proposal is to introduce them on a cautious phased basis over time, first of all in racetracks and permanent charity gaming halls and subsequently in licensed premises.

You've had experience in this since 1993, I believe, and we have none in Ontario. I'd like to ask you some questions about the controls or regulation that you have, the way of making sure that the video lotteries are run the way you want them to be run, and first of all to ask you, without revealing any secrets that you don't feel comfortable with, how do you control the operation of video lotteries from your head office and also out in the field where the machines are?

**Mr Brodeur:** In terms of operation? Every single piece of equipment, every morning and any time during the day that we want to make sure it is the right payout or the right equipment that is plugged in, is controlled by the central system. If a bar owner opens the door of the equipment, that is recorded in the central system. So there is a major control right there because everything is plugged into the system. Every time you receive a call that says a machine broke somewhere or a retailer wants to ask us a question or whatever, there is a monitoring also of that system. We know exactly after how many rings a retailer has been answered by our telephone line, and everything is recorded on the tape. There's a lot of control in the operation everywhere.

**Mr Flaherty:** Do you have a high level of compliance? What sort of problems do you have and what's the incidence of problems you have? How frequent?

**Mr Brodeur:** I don't see any big problems we have had since the beginning of the operation. Like any computer business, there are sometimes little things, but I don't see any problems that we've had up till now

running that program. We were not the first ones to plug into a central system, and the equipment that has been installed in the province was tested in many areas before being installed here. It's not like it was a new product.

**Mr Flaherty:** If I may just change the subject a bit, in terms of determining where the machines go, in which bars or brasseries or taverns, is there a competition? That is, are there more bars, brasseries and taverns that want the machines than can have them?

**Mr Brodeur:** They need their liquor licence, first of all. They apply for a video lottery licence. The moment they receive the video lottery licence, it doesn't mean they're automatically going to receive the equipment. We make some kind of evaluation based on experience. Normally what we decide is to put in a specific bar between two and three machines at the beginning. We look at the commercial activity within those machines and, starting from there, will afterwards increase or decrease the number of machines. It's more based on experience, because it would be really difficult to make a real commercial study on each of the sites, when you operate with 4,000 sites in the province somewhere. We do have the experience.

**Mr Flaherty:** Thank you very much. On behalf of our government, we very much appreciate your participating today because it's helpful to us as novices in the video lottery enterprise to learn from you and try to avoid any pitfalls. Are there any areas that you think are particularly things that we should be careful about, based on your experience?

**Mr Brodeur:** Since the beginning of the program, I would say that there is enough experience right now everywhere on that deal for your organization, the OLC, to plan the program well and to avoid any problems with that program, basically with the experience of lottery rooms.

**The Chair:** There's approximately 20 minutes left. The opposition has only used five minutes, so they have at least five minutes, and then we'll do a rotation.

**Mr Crozier:** Hello again. As you said, this is the official opposition, although in the area where I'm going to ask a couple of questions I think we're all interested, and that is the physical access to these machines. We too are proposing, the government's proposing, that they be in licensed premises only. Do the machines have to be together in a secure area in those licensed premises?

**Mr Brodeur:** Not really. There are different types of bars in the province, so it really depends on the way the bar is built physically. Normally, it's in the section of the bar that is public, so you cannot put a machine in the rest room or on top of the bar. Normally, it's on the floor somewhere where people have access to the equipment.

1040

**Mr Crozier:** Are those areas age-restricted?

**Mr Brodeur:** Yes, always.

**Ms Roiter:** It's a bar.

**Mr Crozier:** What about a licensed restaurant?

**Mr Brodeur:** There's a difference in the province between a liquor licence for the public served in a restaurant and a bar licence. We are talking here about a bar licence and a restricted area.



**Mr Crozier:** Video lottery terminals simply aren't in licensed restaurants then?

**Mr Brodeur:** They are bar-licensed. Normally it happens sometimes that a big restaurant has two licences. They can have a licence for the tables where they serve meals, which is not a licence for video lotteries, and they can have in the centre of the big restaurant a real bar with seating and everything. That's where the video lottery will be installed.

**Mr Crozier:** I appreciate that. You no doubt have penalties in cases where these laws are not abided by. Can you give us some idea what the penalties are?

**Mr Brodeur:** Maybe Lynn can answer that one.

**Ms Roiter:** If there are infractions, the law provides that the person loses his right to a machine. There are also monetary fines. I would imagine it could even lead to his losing his liquor licence, depending on the nature of the infraction.

**Mr Colle:** I'm just wondering, in terms of the requests for these machines — you mentioned that there are about 9,000 establishments and 4,000 or so have them — are there a lot of people who are turned down, or is it fairly automatic that you get video lottery terminals if you have a liquor licence?

**Mr Brodeur:** First of all, we have in the province 9,000 liquor licences, so the bar owner has to make a request for the video lottery licence. You can imagine that in a hotel somewhere where the bar is not so important the hotel won't request the video lottery equipment. There are some locations that are not really interested in video lotteries. Or social dancing, let's say, Saturday night only; they have a bar there, but it doesn't work well for them to go to all the trouble —

**Mr Colle:** Yes, because it's an ancillary use or something. But what about a normal brasserie or bar? I mean, most of them who apply get them, I guess.

**Ms Roiter:** If they qualified for a liquor permit, they would qualify for —

**Mr Brodeur:** Normally, yes.

**Mr Colle:** It's fairly routine that they would get a video lottery licence if they had a bar licence in a regular brasserie or whatever, generally speaking?

**Mr Brodeur:** Yes, of course.

**Mr Gerry Phillips (Scarborough-Agincourt):** I gather you said that your revenue on these is about \$140 million a year, the province's revenue. Was that all brand-new revenue, completely found revenue from somewhere, or was there any aspect of the province's revenue that dropped as a result of \$140 million from here? Have you any indication?

**Mr Brodeur:** That's a very tough question. We are studying. Every time we are asking questions of the bar owner, there is a different answer. Some of the bars will say that they generate new clientele into the bar; some others will say that it is driven by the actual clientele of the bar. There are as many answers as the number of bar owners concerning that question, but one thing surely is that they like those video lottery machines.

**Mr Phillips:** So does the government.

**Mr Brodeur:** It gives an entertainment value to their customers, so it does lots for the establishment.

**Mr Phillips:** Are there any studies in terms of whether the revenue keeps going up in a bar over time, that in the second year or the third year there's more revenue coming in, the same revenue or what?

**Mr Brodeur:** I don't know yet because we have only two years' experience on that. But what I can say is it's around the same revenue for the past two years. The average was last year, \$535, and actually it's around \$550 or something, so it's still the same thing as last year.

**Mr Phillips:** So there's no indication that in any bar where you have three of these machines that in year three they get more revenue coming in, or less revenue, or the same revenue? In an individual bar.

**Mr Brodeur:** No. It varies from one to the other. You should ask the owners of each of the 4,200 bars to get your answer. I don't know.

**Mr Colle:** You'd probably get 4,000 different answers.

**Mr Phillips:** That's 4,000 beers.

**The Chair:** There's approximately three minutes left per caucus.

**Mr Kormos:** That survey of Quebec bars is one that I'm prepared to undertake. I suspect some of my colleagues would join with me. What percentage of the net revenues does the bar owner get?

**Mr Brodeur:** It's 30%.

**Mr Kormos:** So the bar owner gets 30% and the government gets the rest?

**Mr Brodeur:** Yes.

**Mr Kormos:** Nobody else shares in that?

**Mr Brodeur:** No; 30% for the bar, 70% for the government.

**Mr Kormos:** You probably know that currently in Ontario charities, volunteer organizations, are saying that these machines are going to take money away from their fund-raising. Were charities concerned, or are they concerned now in Quebec about the machines and the fact that people are spending money on these machines as compared to somewhere else?

**Mr Brodeur:** I can't answer that.

**Ms Roiter:** It's not been an issue.

**Mr Brodeur:** It's not been an issue in the province, you know, at the beginning of the program.

**Mr Kormos:** Okay. Thank you kindly.

**Mr Young:** Do you have any problem that you're aware of with illegal machines and, if so, how do you deal with it?

**Mr Brodeur:** We don't deal with illegal machines. We are there to — we received a mandate from the government to work the video lottery program in the province. The only thing I can say is from the beginning of the program up to now more than 8,000 equipment has been seized by the police. That's all I can say.

**Mr Young:** Those 8,000 illegal machines have been seized by the police?

**Mr Brodeur:** Yes.

**Mr Rollins:** You said you have machines at three different racetracks. Have the racetracks experienced a better number of people visiting them since the machines were put in or not?

**Mr Brodeur:** What I've heard from those people is — naturally it's bringing them better revenue, okay? There's different commentaries concerning those videos within

the racetrack, but it doesn't mean that it will increase the betting on the racetrack, and also it doesn't mean that it will decrease the betting on the racetrack. I think it's a separate clientele, video lottery and racetrack. On all the racetracks that will permit video lottery, it's in a specific location. There is a room normally with video lottery equipment. For example, in Montreal they cannot even bet on the racetrack when they play the video lottery machines.

1050

**Mr Rollins:** Does the money that they make on video lotteries go back in to the horsemen's purses or just into the overall operation of the track?

**Ms Roiter:** They get a 30% commission, the racetrack. It uses it —

**Mr Rollins:** The way they want to.

**Ms Roiter:** There's no legal limitation on how they use it.

**Mr Brodeur:** They receive the same thing as any other bar.

**Mr Rollins:** Okay. Thank you very much.

**Mr Klees:** You have other forms of gaming in the province. You have lotteries, you have break-open tickets, and that kind of gaming. Do you have any statistics as to the impact that video lottery terminals have had on the revenue that's generated from these other forms of gaming? One of the concerns that's been expressed here in the province is that the break-open ticket industry, for example, is suggesting that this will encroach on their revenue, on their business. Could you comment on that, please?

**Mr Brodeur:** First of all, we don't have any break-opens in the province; there may be some in a couple of bingo halls but it is not run by Loto-Québec. The three businesses we run are the casino business, the lottery business and the video lottery business. Between the three we haven't seen much effect of one on the other. As an example, when somebody goes to a casino, he's going there to bet. When he goes to a bar, he doesn't go there to play video lottery. Normally he goes there to have a drink and socialize with people. They're different clienteles. It's the same for the lottery.

**Mr Klees:** You would confirm, then, that a different segment is attracted to video lottery terminals compared to other forms of gaming.

**Mr Brodeur:** Yes, totally. I was in the lottery business before. We are not the same type of establishment. Lotteries do not usually sell in bars, and casinos are special premises, so they're different premises and they're different clienteles.

**Mr Colle:** In the two years have you done any kind of follow-up in terms of the impact these machines may have on habitual gamblers who gamble beyond their means and fall into difficulties financially or psychologically? Has your lottery commission looked at that at all? Is that your role or the role of your government?

**Mr Brodeur:** I'm here to talk about the operation. I'm not really in a good position to talk about the effect on the population. I can tell you the different measures that we take in the province, let's say, to alert anybody that this is gambling like any other form of gambling.

On each piece of equipment there is are two messages inviting players to play with moderation that say, "Play with moderation so the game remains a game," and you can see that message on the attraction panel of each piece. We also distribute pamphlets on each location so that there is a 24-hour-a-day hotline where people can phone if they believe they need help because they cannot stop playing or whatever. We give some support for that.

The equipment is available at locations where the population is 18 years and over, so we are talking here about mature people. We have funded some studies that were done in I think two or three universities in Quebec. Those studies analyse the effects of gaming and ways of treating gambling problems. There are a lot of things we are doing in the province to avoid any potential problems with gambling.

**Mr Colle:** You're funding those studies with Laval and what universities?

**Mr Brodeur:** McGill, I think, Laval and Sherbrooke.

**Mr Colle:** They're ongoing studies, are they, or are they being completed? They're in progress? How many calls did you have on the hotline, for example, last year or the year before? Any approximate idea?

**Mr Brodeur:** The only figure I remember is that it's approximately 100 calls a month for video lotteries.

**Mr Young:** If you get 100 calls a month, do you have any idea if it's 100 different people or if it could be the same 15 or 20 calling repeatedly?

**Mr Brodeur:** I don't have any idea. That is confidential information for those companies. It can be just a question, "Give me the phone number of this or that organization," or sometimes I heard that they phone to get an explanation of the game.

**The Chair:** Perhaps I could give you one point of information which somewhat astonished me. In Ontario the gross revenues from break-open tickets are calculated to be \$1 billion to \$1.3 billion, so it's a substantial business in Ontario.

Thank you for the most professional manner in which you have answered our questions. You certainly have added value to our day.

**Mr Brodeur:** Thank you.

**Mr Colle:** Merci.

*The committee recessed from 1056 to 1116.*

#### ALBERTA GAMING AND LIQUOR COMMISSION

**The Chair:** Good morning, Ms Grimble. Are you able to hear me?

**Ms Muriel Grimble:** Yes.

**The Chair:** I should ask, how is the dry heat in Alberta today?

**Ms Grimble:** Our famous dry heat is wonderful, thank you. We're proud of it.

**The Chair:** I apologize for the difficulty in the transmission. This is the standing committee on administration of justice for Ontario. My name is Gerry Martin-iuk. I chair this committee. We are considering Bill 75, which is a bill that basically does two things: (1) It places the regulation of liquor and gaming in the hands of one commission rather than two, as we previously had it; and



(2) it introduces for the first time legal video lottery terminals into Ontario.

The proposal before this committee is that the terminals would be phased in, firstly being introduced to racetracks and permanent charitable casinos, of which we have a number around the province. These are small casinos with limits on betting; they're not our regular casinos. Secondly, once that was out of the way, we would look at phasing in the introduction of VLTs to liquor-licensed outlets, bars. That's where we stand. We've already heard this morning from the Atlantic Lottery Corp and the Quebec lottery corporation.

Firstly, I would ask you if you could give us a general rundown on the operation in Alberta. I think that would be fruitful before we ask questions.

**Ms Grimble:** Okay. Would you like to take a little bit of a historical view of the operation?

**The Chair:** Please. That would be excellent.

**Ms Grimble:** In 1991 — I guess we'll go back a ways — in Alberta a test was approved which Alberta did together with the Western Canada Lottery Corp, which is the corporation which Alberta is a shareholder in that provides our ticket lottery products in Alberta. We started a test of about 30 locations, starting off in our two major fairs in Calgary and Edmonton, the Calgary Stampede and Edmonton Klondike Days. We did it for a couple of reasons: (1) to test the functionality in the operation and (2) to take a look at how the products would do in the marketplace. The test program grew from about 30 locations and we expanded it to about 80 locations.

On March 12, 1992, the government approved the implementation of video lotteries in eight restricted, licensed establishments across Alberta. In August 1992, we launched our new program, where we had procured terminals and a new central system. We launched our first account on August 31, 1992. From there, we actually handled 400 terminals in the network, and we replaced those terminals with the new terminals that had been procured and we expanded the program.

I believe by about March 1993 we had somewhere in the neighbourhood of 1,900 terminals at about 600 locations. At the time that it was approved, the approval was for approximately 1,200 locations and 8,600 terminals. When we got to March 1995, we were at approximately 6,000 terminals in less than 1,000 locations. At that time, the government chose to freeze the number of terminals at 6,000 and a lottery review committee was established that reviewed the gaming environment in Alberta at that time.

This all was done under the operation of Alberta Lotteries, which was an agent of government that was a little bit at arm's length, in March 1995. Also, we were amalgamated with the Alberta Liquor Control Board. As of July 15 of this year, we officially became the Alberta Gaming and Liquor Commission and the video and ticket operations that were currently run by Alberta Lotteries were enveloped into the Alberta Gaming and Liquor Commission, as were the gaming control branch and the Alberta Gaming Commission.

I should tell you also that the lottery review committee resulted in a redistribution of the lottery terminals in Alberta. The initial plan approved up to 10 maximum per

location, or per licence. In Alberta we have some facilities that have more than one licence, so if they had three or four licences, they could conceivably have up to 30. I think our highest location had about 30 terminals in three premises. The lottery review committee reduced the maximum to seven, and we completed during the February-to-April time frame in 1996 a redistribution that removed somewhere in the neighbourhood of 400 terminals. Since the freeze of 1995 we also had locations that were interested in participating in the program, so we really redistributed those terminals into new locations that were not participating at the time.

We currently run with about 5,800 terminals today in 1,178 locations, I believe, something like that.

That's our program. That's a fairly brief overview and I probably missed a few things, but it gives you an idea of what's going on in Alberta.

**The Chair:** Thank you. In Ontario, we have the government members present, the opposition and the third party. We'll start with Mr Kormos, who is a member of the third party.

**Mr Kormos:** Nobody has to tell you that the third party in Ontario happens to be the New Democrats right now.

**Ms Grimble:** I think I knew that.

**Mr Colle:** Why are you laughing?

**Mr Kormos:** That's where I started and that's okay. In a relatively short political career I've seen three different governments, three different Premiers, and seen them come and go, one as quickly as the other.

What about break-open tickets? That's been talked about by charities and the industry that handles break-open tickets, the tear-off — you know what I'm talking about, the break-opens?

**Ms Grimble:** Right. I know what you're talking about.

**Mr Kormos:** We have break-open ticket sales, we're told by that industry, of \$1.3 billion a year in Ontario. What was the effect of the introduction of these machines on the break-open ticket industry in Alberta?

**Ms Grimble:** I wasn't directly involved in the break-open portion of the Alberta Lotteries Commission. The break-open products in Alberta were distributed through service clubs primarily; I think our largest group would be Legions. At the time video lottery was launched, they were experiencing a decline. At one time I think we sold over \$100 million worth of break-opens — certainly not the size and scope of the business in Ontario — and that has been reduced significantly. But it was being reduced prior to video lotteries. What I think happened personally, I guess, is that they also had a restricted distribution within service clubs, and those service clubs were also experiencing difficulties in membership and in basic operations. So of course it rippled into their pull-tab sales also, because they were losing members and their locations weren't full.

I guess our analysis of the situation with break-opens is there were a variety of factors that probably impacted to reduce sales in break-opens. We would believe as marketers, which is my skew, that that product is still a viable product, and if we were looking at some distribution, it still could continue to be viable.

**Mr Kormos:** Is it being used in Alberta? Are break-opens being used as fund-raisers currently?

**Ms Grimble:** Yes. As I mentioned to you, the Legions are probably the primary service group that generates the greatest revenue from pull-tabs. The Legion obviously is a non-profit organization and they distribute those funds in the communities. But you have to sell pull-tabs in the place in which you deliver your service, so unlike Ontario, we don't have them in the public domain, so to speak. They would be in the Legion Hall; they would be in whatever environment was delivering the service. You have them of course in lottery ticket centres and distributed along with your lottery products. We don't have that here in Alberta.

**Mr Kormos:** What power do municipalities have in Alberta to regulate or license or forbid the terminals?

**Ms Grimble:** In the beginning there wasn't really any discussion about that. Clearly, with a lottery review committee, the government has said if a community doesn't want terminals, if they want them removed, they could have a plebiscite or whatever and the government would acknowledge that. I guess the hook would be that then they would not share in the proceeds.

**Mr Kormos:** Is there any suggestion that municipalities want the power to license these terminals solely as a revenue-generating exercise?

**Ms Grimble:** Not that I'm aware. Basically, the revenue from our video lottery terminals goes into the Alberta lottery fund. That fund is broken into a variety of good works, and those dollars are available through a variety of application processes for all communities in Alberta to benefit from. So the proceeds are all going to good works in Alberta. Some of the dollars, though, have been allocated to the deficit, but over the years, a lot of dollars from the Alberta lottery fund have gone back — all the dollars have gone back into the community. So there isn't maybe as much of an issue with that as in an area that's just starting out with videos, the discussions of where the money goes.

**Mr Kormos:** Who owns the machines?

**Ms Grimble:** The government in essence owns the machines, the Alberta Gaming and Liquor Commission on behalf of the government.

**Mr Kormos:** Who are the suppliers for Alberta of the machines?

**Ms Grimble:** We have had up to five suppliers but we are now reduced to two vendors. One is VLC, Video Lottery Consultants, out of Bozeman, Montana; the other one is Williams out of Chicago.

**Mr Kormos:** How are the proceeds distributed between the government and the host location?

**Ms Grimble:** The retail location receives a commission of 15% of net sales.

**Mr Kormos:** Do you have a maximum number of machines per location?

**Ms Grimble:** Per licence, yes.

**Mr Kormos:** What is that?

**Ms Grimble:** Seven terminals.

**Mr Kormos:** Obviously we have to deal with averages — we don't have to but we're going to be inclined to. What kind of take are retailers, the host locations, getting by virtue of their 15% rate or take?

**Ms Grimble:** The retailer commission in our fiscal 1995 from net sales — there are net and gross numbers, but the net sales are \$452 million, and the retailer commissions were \$70 million.

**Mr Kormos:** And that's among 1,100 locations, obviously.

**Ms Grimble:** At that time a little less.

**Mr Kormos:** Who is eligible to request a licence to be a host for a machine?

**Ms Grimble:** What the criterion in Alberta is — it was umbrellaed under the existing Alberta Liquor Control Board licences, and they were referred to as a class A licence. A class A licence in Alberta, which was a liquor primary, we called it, was age-controlled. You needed that designation, one of the factors, in order to be eligible.

**Mr Kormos:** And is that the case now?

**Ms Grimble:** Yes.

**Mr Kormos:** That's remained the case. Has there been any —

**The Chair:** Thanks, Mr Kormos. Perhaps we better do a rotation.

1130

**Mr Rollins:** Thank you very much for taking part this morning. You people have seen fit to amalgamate the liquor control board and those groups all together. Was that from strictly a management position or from a government position to run a more efficient place?

**Ms Grimble:** Obviously, Alberta Lotteries is the agent of government and took direction from government, and the other departments were also government departments and commissions. It was probably in line with the government's mandate to reduce the numbers of agencies and boards and find some synergies. Also, just with the gaming sector and the crossover with what was going on in liquor, it seemed to make sense that those two entities combine forces.

**Mr Rollins:** We're following probably close to the same track over that proposal.

You have them at racetracks. At how many racetracks do you have machines at the present time?

**Ms Grimble:** We don't have them in racetracks unless they have a class A liquor primary.

**Mr Rollins:** That's the criterion?

**Ms Grimble:** Yes. We actually just introduced slot machines into our charitable casinos, but we haven't done anything with racetracks at this point in time. There is now an Alberta Racing Corp.

**Mr Klees:** Could you give us a comment, please, on how you control your system currently? I understand that you have a central computer system that regulates it. Could you just give us an outline of the controls you have in place?

**Ms Grimble:** In 1991, we chose a system that was available from a company which provided our online ticket system. Because video lotteries were relatively new, their system was new, but it was an online, dedicated system similar to the ticket operation in the fact that we would have constant monitoring of our locations, 24 hours a day, in essence. From our central system we enable our terminals at the locations. They are then put on the system and we monitor certain events, so that if



there was an opening, let's say, of the logic compartment where the key to the terminal is, where the computer chips are, that would be an event. If that wasn't an authorized entry — and the only person authorized to enter the logic area would of course be a technician who would have a special key — then we could respond. We could make a phone call to the site and find out who happened to be at the terminal. There are a lot of events; some we call more significant than others. The cash door can be opened too and we would know. We don't really respond to a cash door opening because that's usually the retailer and he's responsible for the cash. Basically we have full online. We felt at the time, coming from a lottery background, that we would want to have the full, online, dedicated operation.

**Mr Klees:** You're satisfied that the system has worked well for you. Do you have any advice for us? If you were to do this again, what might you do differently, what might you advise us to be alerted to in this?

**Ms Grimble:** Doing differently? From a technical side, if I could do it again and there was a machine available that wasn't a 13-inch terminal, I wouldn't buy the 13-inch terminal. There wasn't a 19-inch screen available. Bigger's better, I guess, in Alberta. Those terminals weren't as successful as the large screens.

Our decision to buy the system that we did and our decision to manage the program from sort of nurturing it along and supporting successful retailers — they were very much a key; the retailers were the key to the success. If you're looking at being successful, then I think you have to develop partnerships with your retailers and ensure they're successful. That also provides the security and integrity of the program that is absolutely critical. They always wanted more money, I suppose. I don't know if that would have helped at all.

I'm not sure there's too much I would say we would do a lot differently. I think we took a fairly good approach and in our eyes were fairly successful. I couldn't really suggest anything in particular that I would do a lot differently.

**Mr Klees:** You've been helpful. On the issue of enforcement: Could you give us your experience in terms of any difficulties you've had in enforcing the regulations. Specifically, for example, with regard to the age limit of people who have access to your equipment, could you give us some comments, please?

**Ms Grimble:** Enforcement: As I mentioned, the Alberta gaming control branch, which at the time was a government department — and we were an agent — was given the responsibility of the security of our program. We built a fairly good alliance with that group. We tried to educate the regulators and the inspectors on some of the technology so that they would be familiar with the product. We worked very closely with them. They provided the security discussions with our retailers. We provided the technical product type of information for the retailers. We always kept very close contact with them on any issues. They were first in line on issues.

The retailers clearly understood that we had a group of people who would go in, and the word was the word. We had a very good relationship and the retailers respected that. Of course, they respected it because they were also

used to being under the umbrella of liquor licensing. They had to respect the rules. We had an agreement with our retailers that is very similar to our lottery agreement, that said that we really can rule and determine your destiny and the fact that if you do not abide by the rules we can take the terminals away. That was probably a significant help.

**Mr Phillips:** I'm trying to understand the numbers. You said that in fiscal 1995 the net revenue was \$452 million.

**Ms Grimble:** Net sales.

**Mr Phillips:** Fifteen per cent of that goes to the site. Does the other 85% go to the government?

**Ms Grimble:** Less the operational costs, yes.

**Mr Phillips:** What's the government's revenue yield?

**Ms Grimble:** Our net income for 1995 was \$356.7 million.

**Mr Phillips:** That's on 5,800 machines. Is that right, roughly?

**Ms Grimble:** Yes, it would be close to that at that time.

**Mr Phillips:** What is that per machine then, roughly?

**Ms Grimble:** Our average, at that time, was about \$1,500 net sales per terminal.

**Mr Phillips:** How much per year per machine? Have you got that handy? I'm just trying to get an idea of how much money the government could expect?

**Ms Grimble:** It was about \$1,500 per terminal per week, about the average.

**Mr Phillips:** So you multiply \$1,500 times 52. Quickly, what is that? That's \$75,000, is it, something like that?

**Mr Crozier:** It's \$62,000 a year.

**Mr Phillips:** It seems like more than that.

**Interjection:** It should be \$78,000.

**Mr Phillips:** Why would you limit yourself to 5,800 machines if these things are each generating \$75,000 a year profit to the government?

**Ms Grimble:** That was a decision the government made. We originally were looking —

**Mr Phillips:** On what basis did they make that decision?

**Ms Grimble:** I don't know if you're familiar with the lottery review committee report. Did you receive a copy of our lottery review committee report?

**Mr Phillips:** I'm wondering what the fundamental reason to limit it to 5,800 was.

**Ms Grimble:** Well, 6,000 was the cap. I guess the fundamental reason was that the government was taking a look at the gaming landscape at the time. Before they pursued additional locations, they wanted to review the gaming activities in Alberta. They chose at that time to say, "We'll keep 6,000 video lottery terminals in the network and we will also allow slot machines in our casinos to offset and provide more support to charitables." So instead of expanding the video, they approved additional terminals to go into — we have similar kinds of charitable casinos to Ontario's except that ours are permanent, we have about 16 of them in Alberta and we put slot machines in. It was really a matter of looking at the market, the niches, and trying to give more support to charitables.

1140

**Mr Phillips:** The \$350 million in new revenue or incremental revenue, are there any studies on who that comes from? Is that from 10% of the population, from 20% of the population?

**Ms Grimble:** We have taken a look at the various segments of our population. Video, as does lottery product, pretty well crosses all segments, all demographic and psychographic age groups, male, female, that kind of thing. Because they're in licensed premises, video in particular, they probably have some skew. Let's say 18 to 35 is a fair skew, but that's one you would find in a licensed-premise social environment. I think it's about 50-50 male-female and it basically crosses all segments in terms of income and various choices for entertainment expenditure. It crosses all the lines.

**Mr Phillips:** Would it be 10% of the population playing it or 5% or 20%? I don't know. Any ideas on that?

**Ms Grimble:** I don't have that exact number of the population.

**Mr Phillips:** Has the government concluded this is a sustainable, long-term source of revenue? Are they saying, "Listen, we can get \$350 million from this forever," or is there some feeling that it's going to increase or decrease?

**Ms Grimble:** There are probably all schools of thought. Electronic gaming has been around for a long time, so probably there still would be an interest, from a consumer point of view, in playing video lottery as there is in lottery products. I suppose, like anything, if you do not continue to appeal to the player, then your revenue will probably decrease. If you continue to appeal to players, as the players shift and change and grow older and whatever you're going to have to keep up with the market or, like any product, you won't be generating the same revenue. It depends on how much effort is put into it.

**Mr Phillips:** Is there any evidence of where the \$350 million in new revenue came from? Did it take from somewhere else or was it just \$350 million that people found that they could afford?

**Ms Grimble:** That's been asked for five or six years, I guess, which is a question on any new product that comes out: Where were people spending that money prior to this product coming out? I suspect that there is some redistribution of people's entertainment dollars. I think we heard from some players that instead of another beer at the end of the day they put their loonie into a video lottery. One could say that maybe there was a tradeoff in licensed premises between eating or drinking and playing videos, but these are all pretty subjective. I don't have any firm numbers or statistics of where it came from.

**Mr Kormos:** What type of funding has there been for treatment programs, gambling addiction programs?

**Ms Grimble:** In 1994 Alberta launched a fairly major study to identify problems associated with gambling. After that study was completed, the government provided, I believe, \$3 million to an agent of government, AADAC, the alcohol abuse agency for Alberta. They have centres across Alberta and they use the dollars just to add to the existing services provided for behaviour problems in the

general public. So they have those kinds of dollars in a commitment to support the requirements of that agency to support problem gamblers.

**Mr Kormos:** In jurisdictions in Canada where there's been an attempt to redistribute these machines of course all hell breaks loose and the tavern owner who had five says, "No way are you going to take any of mine," because that tavern owner has become accustomed to the revenue. Is that a fair assessment?

**Ms Grimble:** Of course. Yes.

**Mr Kormos:** Obviously part of what you do is planning for the future, and I appreciate what you said about your being capped at 6,000, but surely there have got to be some things going on, maybe at this point purely pondering about what the future is in Alberta for this type of gaming or for expanding it for different types of games. Is one of the options moving beyond licensed premises? Is one of the options offering different types of games?

**Ms Grimble:** I doubt there would be any impetus to move out of an age-restricted environment. There would be I think zero option to do that. Clearly the mandate at the beginning was absolutely under 18, zero tolerance.

As I said earlier, from a revenue point of view, based on the kind of revenues that are expected, one would look at providing product and games the players want to play. Yes, from a marketing side you're always looking at that. As the player makes changes, as environments change and licensed premises change there may be a requirement to update the games, add more features to the games, more play value, as we would call it, to the games. Those are the things you think about on the marketing side, and it would be determined on the expectations from a revenue side.

**Mr Kormos:** What has gambling in Alberta done for tourism? Are there more tourists coming to Alberta because gambling is available?

**Ms Grimble:** I'm not sure that we have any statistics. We've probably always had more gambling than most. In Alberta over the years, I understand from an historic point of view, we introduced different gambling options prior to a lot of jurisdictions. We've always had that. We do not have the tourist-type casino gambling operation you have in Ontario, you know, the big casinos which clearly have more potential to drive tourism. The video lottery has certainly supported the Alberta hotel industry. Clearly they've been able to upgrade their facilities and position themselves to be competitive and more profitable, appealing to their customers.

**Mr Kormos:** More competitive with whom?

**The Chair:** Thank you, Mr Kormos. We must move on.

**Ms Grimble:** In the market.

**Mr Kormos:** God bless.

**The Chair:** I'm taking it in order as of yesterday. The government caucus has four minutes and we have Mr Young and Mr Guzzo.

**Mr Young:** How many slot machines are in the casinos now, what percentage of the revenues do charities get, and do you have a process to get local input from the communities on how the money should be distributed?

**Ms Grimble:** We will have by October 615 slot machines in 16 casinos. Right now I think we're running



about 550, if I'm correct on that. The non-profit that holds the casino — I'm not sure if you're familiar with our casino, but a non-profit holds the licence to hold a two-day casino — receives 10% of the revenue, net sales from the slot machines. The opportunity for Albertans to participate in how the money is distributed is actually in process right now. That came out of the lottery review committee, a consultation process.

**Mr Guzzo:** Ms Grimble, I want to go back to the questions Mr Phillips asked when he talked about the \$350 million that went to the government of Alberta. I think we should be talking about \$450 million because we've taken out of the economy the \$70 million that you've given to the individuals who house the machines for you, plus I think about \$30 million in overhead. Correct?

With regard to where that money was going prior to these machines, did you not have a problem in Alberta prior to 1991 with illegal machines, grey machines?

**Ms Grimble:** We didn't really have a grey machine problem. We weren't aware — from a security point of view we made sure that there were no grey machines. It's black and white in Alberta; there is no grey. If you look like a slot machine, you are one. So we didn't have a grey machine problem.

**Mr Guzzo:** I attend the Calgary Stampede almost every year or every second year, and the motel that I stay at happened to have them as far back as 1986. Does that shock you?

**Ms Grimble:** That's interesting. Yes, it does. Tell me which one it is. We weren't aware. We wouldn't have had any kind of visible grey machine problem in Alberta. I'm certainly not from the security side of it, so I wasn't aware of that.

**Mr Guzzo:** Let me ask you about illegal gambling in Alberta. Any illegal gambling in Alberta?

**Ms Grimble:** Oh, I'm sure there is. I'm sure there are a lot of poker games in clubs and basements maybe that go on. I'm not on that sector.

**Mr Guzzo:** What about bookmaking, for example? The major papers in Edmonton and Calgary carry the lines of every football game in the NFL, every basketball game in the NBA, every hockey game. Why do they carry those lines if there's no illegal gambling?

**Ms Grimble:** I'm not suggesting there's no illegal gambling.

**Mr Guzzo:** Any possibility that some of the money that we're referring to now was going to forms of illegal gambling prior to 1991 that's now filtering its way through the legalized operation that you have?

**Ms Grimble:** That's an interesting question. There's a possibility, sure.

**Mr Guzzo:** Thank you.

**Mr Crozier:** Are you aware of any problem that exists now with illegal machines?

**Ms Grimble:** I'm not aware of any that are played side by side, no.

**Mr Crozier:** You may be familiar with this. If not, I'm sure you'll tell me: In the area of addiction, do you have any information or does your commission track any statistics on cross-addiction?

**Ms Grimble:** As I mentioned to you, AADAC is the agency of government that has a program where we work with them and they advise us on the situation. They have statistics that indicate that often they are cross-addictions. I don't have them at hand, but there are statistics.

**Mr Crozier:** If we needed some information on that, we might be able to obtain it.

**Ms Grimble:** Yes.

**Mr Crozier:** With licensed premises, do the machines have to be in a separate, physically secured area of the establishment?

**Ms Grimble:** We do site plans prior to putting terminals in and the criteria are in secured locations within eye level of the bartender so they can be watched. If they aren't like that, they have to have some kind of cameras or mirrors, but they are within the licensed premise and within the age-controlled environment.

**Mr Crozier:** You can have an age-controlled environment that doesn't require, say, the restaurant to be age-restrictive? I mean, there's a restriction against playing the machine, of course. Is there a restriction with age in the area of the machines?

**Ms Grimble:** Yes.

**Mr Crozier:** Okay. Good. Thank you.

**The Chair:** I believe it was approximately 9 o'clock there when we started out, Ms Grimble. Thank you very much for your valuable input to the committee's deliberations. We really appreciate it.

**Ms Grimble:** Okay. Good luck. Thank you.

**The Chair:** This hearing will adjourn to committee room 228 in Queen's Park at 1:20 pm.

*The committee recessed from 1155 to 1319 and resumed in room 228.*

#### PETERBOROUGH HOLIDAY INN

**The Chair:** Mr Kormos has advised that he may be detained and that we are to proceed, and I shall so do. I understand our 1:20 presenter is not yet here. However, Mr David Smythe, director of finance of the Holiday Inn, Peterborough, is present. Thank you for coming early. You've saved us some time today, Mr Smythe. I would request that you proceed. You have 20 minutes, including questions from the committee.

**Mr David Smythe:** Very good. Good afternoon, Mr Chairman. Just to repeat what you already said, I suppose, my name is David Smythe. I am the general manager of the Holiday Inn in Peterborough. I would like to thank you and the committee for providing the forum for myself and other industry-related individuals to appear before you today.

I should begin by clearly stating that I am in full support of Bill 75 as it relates to VLTs. I would like to request that the government find a way to implement the bill into the hospitality sector quickly. As you've already heard from our industry, we are in desperate need of assistance. Our industry has been in decline since 1989. Since 1992, we have seen 1,400 bankruptcies and a drop in staffing levels of 100,000.

As an industry, sales are down 20%. I'd like to add that before coming here today, I did make a point of calling some people I know in other communities around

the province and, to my surprise, the numbers for this summer are significantly down over the same time last year in resort communities, even north of the Peterborough area.

Peterborough, as a mid-sized community, has experienced numbers considerably higher than the 20%. The hotel that I am representing today has a five-year capital plan that simply addresses cosmetic upgrades. This year, we have already cancelled our renovation plan due to the significant shortfalls in occupancies during the first quarter. You can imagine the sense of disillusionment with our guests, the staff, the owners and the local contractors who were counting on the work. This is an excellent example of what sets off consumer pessimism within a community.

There's no doubt in my mind that the proposed introduction of VLTs into the hospitality sector will provide the much-needed relief that will revitalize our industry. I say this because I came to Ontario from Manitoba in 1993 where VLTs had been introduced. The transformation of marginal businesses into flourishing restaurants and hotels was absolutely astonishing. Many of the renovated establishments are now focusing their resources on cooperative marketing efforts and expansions. This metamorphosis was a direct result of VLTs. In Ontario, the infusion of projected funds will give all of us the opportunity to repair and upgrade our establishments, improving our competitiveness within the national and even global markets that we must now participate in. Without the infusion we will continue to see deterioration of our facilities, ultimately leading to many more business failures.

The province is already far down the gambling highway with many forms of lotteries and now gambling casinos. The casinos have quickly become tourist meccas, leaving other communities reeling in their wake. Communities such as Peterborough will likely never see the approval for a casino, so those of us in the hospitality sector question: How are the small to mid-sized communities to compete with the new entertainment trend? How are we to meet the expectations of the tourists from the rest of Canada who already enjoy gambling in their own communities? The answer is simple. We must have the opportunity to remain competitive. We must have these VLTs.

From my experience and the experience of many tourists, one might think that VLTs are already legalized in our province. There are some 15,000 to 20,000 illegal machines already in operation. Without legalization of VLTs one can only estimate how many more illegal machines will go into service over the next 12 months. Unfortunately, most of the proceeds from the illegal machines are being funnelled through the underground economy. This situation can be easily rectified through the government-controlled video lottery terminals. The proposed system is fair and has effective controls. These controls do not permit manipulation of funds. Once the VLTs are approved, people will naturally migrate to the legal and respectable establishments to participate in the form of entertainment that they already enjoy. Without policing, this will effectively exterminate the illegal machines that are plaguing our province.

I would recommend that the implementation stage for our industry not be delayed and that the timing be soon after the racetrack and charitable casino schedule. Delaying implementation to our industry will mean the government will not be able to receive the benefit of \$500 million in VLT revenues. By delaying the implementation, the government will also be giving the grey machines the opportunity to remain untaxed.

On the way here, I was thinking about my presentation as it relates to charity casinos, tracks and that kind of thing, because I often, as a Rotarian, work in these charitable casinos.

Is it all right if I proceed?

**Mr Young:** We are listening.

**Mr Smythe:** Okay. I work in charitable casinos often on weekends as a Rotarian and I have noted that the charitable casinos offer a form of entertainment to a particular segment of our society. In the hotels that I've operated, that I've worked in for many years, I haven't seen that kind of element of the market in our hotels, so I clearly see from my perspective that the VLTs going into our establishments will be approaching a completely different segment of the market. I don't see a competitive issue between the charitable casinos and the hospitality sector participating in this.

Opponents continue to comment on the addictiveness of VLTs. Clearly, gambling is already well established in our society. VLTs will not significantly increase the potential for compulsive or problem gambling. Based on the Manitoba experience, VLT players report that the game itself is not addictive. The vast majority play one to two times per week, spending on average \$10. They play for social reasons and entertainment. Research does suggest that less than 2% of the population are potential compulsive gamblers. It is for this reason that I support the government's initiative in allocating VLT funds for the education and treatment of compulsive gamblers.

I respectfully request a speedy passage of Bill 75. From my personal experience in Manitoba, I am confident that the bill will give the hospitality industry the desperately needed resources required to ensure our future competitiveness within the national and even global market.

Mr Chairman, I thank you and your committee for allowing me this opportunity today.

**The Chair:** Thank you very much, Mr Smythe. There are only two caucuses that will be asking questions, so you have a maximum of five minutes each.

**Mr Harry Danford (Hastings-Peterborough):** Mr Smythe, welcome this afternoon. I appreciate your comments, given your experience with Manitoba in the past and your comments about the hospitality sector, naturally, in particular.

As you're well aware, we had a schedule and we did include racetracks and casinos and that sort of thing first, and then look at hospitality. Given your comment about implementation for the hospitality sector, have you any suggestions, based on your experience, on how that could be done and would be a benefit — not a benefit to hospitality, but how it would be implemented, I meant to say.

**Mr Smythe:** Into the hospitality sector?

**Mr Danford:** Yes. Suggestions how it could be done.



**Mr Smythe:** Absolutely. Certainly when I was in Manitoba, at that time there was a lot of media coverage of what was going on in Nova Scotia. At that time I certainly followed that and, being involved in the Manitoba situation, the government and the industry really took note of that and made changes to their plans and I believe were quite successful in the implementation.

They installed the units into licensed establishments, so there was a high degree of control. Under-aged people were not permitted to participate. When an establishment has its liquor licence on the line, most, if not all, take that very, very seriously and they will not risk that. So they would follow the guidelines set out by the government.

Based on my experience of seeing that happen in Manitoba, it's been very successful. I continue to be in touch with a number of operators out there and they still feel the same way.

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**Mr Klees:** Thank you for your firsthand recounting of your experience in Manitoba. I'm a bit familiar with that province in that I've spent a bit of time there. In fact, while I was there on business, I lived at the Fort Garry Hotel and so I'm familiar with the seventh floor.

With your experience in that province, could you give me some sense of where you see the clientele coming from for the video lottery terminals? The reason I ask that question is that there has been concern expressed in this province by some representations that it might draw away from bingo halls, might draw away from the charity casinos and so on. Has that been your experience? Could you comment on that, please?

**Mr Smythe:** With my experience of participating in organizing bingos for the Rotary Club that I'm a member of, it's a very different segment of society that is using the kind of facility that I'm managing and that I have managed throughout my career. I see that as a real opportunity both for the hospitality sector and the government to approach a different market, if you will. In fact, just Sunday night I was at the local bingo hall, operating it, and it was very evident to me that these are not the same people who are coming into the hotels in Peterborough, both the local people and the tourists.

I'm sorry. There was another element of your question.

**Mr Klees:** Basically, what I was trying to get at is exactly that, as to what market segment you'd be looking at as frequenting your establishment to play the video lotteries.

What you've just said was confirmed again this morning. We spoke with the Atlantic Lottery Corp, as well as the video lottery association of Quebec, and they also indicated that in their opinion it was a very different market segment that plays the video lottery terminals compared to other forms of gaming. In that particular case I was asking the question about the break-open tickets and whether in their opinion it would take away from that market. Both organizations indicated that, no, that wasn't their experience in their jurisdictions. So you confirmed that, and effectively what I hear you saying is that you believe this would be an incremental growth to the industry.

**Mr Smythe:** Absolutely. The people who come into our hotel, for example, are dealing with local businesses. They're corporate travellers. They're people coming from the United States and Europe to do business in our community. They would never go into a bingo hall, but for certain they would participate in VLTs if they were installed in our lounge.

**The Chair:** Thank you very much, Mr Klees. If we can proceed, Mr Crozier.

**Mr Crozier:** Good afternoon, sir, and welcome. You've mentioned that the industry sales are down some 20% in the hospitality industry. What are they down in Peterborough?

**Mr Smythe:** I'm talking in general terms. In terms of occupancies in our community?

**Mr Crozier:** In terms of the decline you've seen in business that you feel you need to recover.

**Mr Smythe:** Quite frankly, we've been in decline since 1989 and we've never been back at those numbers. In terms of occupancies, as a marketplace for example, last year we fell as low as 47%. Prior to that, in the early 1990s and late 1980s we were almost hitting 60%. So a significant impact is going on.

In speaking with local resort operators in the Kawarthas, I've heard everywhere from a 15% to a 35% drop in their occupancies this summer and, honestly, I wasn't prepared to hear that. I thought they would be relatively stable compared to last year.

**Mr Crozier:** Do you know why that is?

**Mr Smythe:** We're still investigating that. All of us were a bit surprised. We certainly had anticipated some change due to the Olympic Games and that kind of thing, but to that degree it very much is a surprise and we don't have the answers yet. We're still really very much in the middle of summer.

**Mr Crozier:** We've heard a number of representations over the last week and a half. In its own way, yours is one of those that seems to indicate that VLTs will really be the saviour. They're remarkable little machines, aren't they?

**Mr Smythe:** They are. When I was in Manitoba, I certainly followed it with interest because it was going to impact our industry.

**Mr Crozier:** How many machines will you need to make this recovery that you say has to be done?

**Mr Smythe:** I realize that the number of machines being proposed in Ontario is different from Manitoba, so there's a different expectation in terms of what difference there will be. With regard to the number of machines obviously in our establishment, for example, I would like to see three or four machines. I would think that would be ample to entertain our guests.

Based on what's going on in Manitoba, I would see a nice, tidy nest-egg at the end of a year to allow us to make that lounge look tremendous. The interesting thing about what happened in Manitoba was that these people took money and they spent it. They didn't just keep it and put it in a bank account; they put it back into their establishments.

**Mr Crozier:** Ah, they didn't put in a bank account. Did you know that it was just recently announced that Canadians are by far greater in debt than they've ever

been in their history? Maybe it's because they're not putting it into bank accounts.

**Mr Colle:** Perhaps the VLT is the ultimate solution. We're sort of treating the symptoms rather than the cause in your industry. Would you not like to see perhaps more investment in marketing the Kawarthas, for instance, or Peterborough? For instance, I know this weekend you have — it's almost world-famous — the Buckhorn art festival taking place. I'm sure very few people in the Toronto area even know it's taking place, yet if this were in the United States, they'd be marketing the thing in every nook and cranny in the province.

**Mr Smythe:** No question.

**Mr Colle:** I think that's what should be done. There's got to be some strategic investment in aggressive marketing. Like the Kawartha area; it's such a jewel that's so close to Peterborough and Toronto, and as I said, people in Ontario don't even know the activities that are there. Obviously you'd want to see more investment in marketing Ontario in this area. What about in the long term a more significant, let's say, earmarking of funds from VLT revenues towards marketing this province and its attractions as a way of solving the real problems in bringing tourists to our attractions.

**Mr Smythe:** No question. I'd have to agree that we do require more marketing efforts. I'm pleased to say that certainly in the Kawartha area and other areas that I'm familiar with, that I personally know operators in, through the early 1990s we've matured as an industry. I'm now working with the Comfort Inn and Best Western. We're collectively using our marketing dollars, something that was unheard of prior to 1992-93, and collectively marketing the area. For example, the Festival of Lights which takes place every Wednesday night and Saturday night in Peterborough, we're collectively marketing that event into the Toronto market.

**The Chair:** Mr Smythe, our time has elapsed for the presentation. I thank you indeed for attending today.

Members of the committee should have received the Bill 75: Interim Summary of Submissions document that was requested by Mr Kormos. Our researcher, Andrew McNaught, should be congratulated and complimented for the large amount of work he's put into this and getting this to us so speedily.

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#### CANADIAN THOROUGHBRED HORSE SOCIETY

**The Chair:** We will now proceed to the Canadian Thoroughbred Horse Society, Mr Glenn Sikura, president. Welcome.

**Mr Glenn Sikura:** Thank you very much. First of all, I would like to apologize for our tardiness. We were here on time and went to the other building and are back here now. I'm glad things worked out.

My name is Glenn Sikura. I'm the president of the Canadian Thoroughbred Horse Society. Beside me is Julie Coulter, our regional secretary, and we have two directors in attendance, Karen McArthur and Gillian Luxton.

I don't have any handouts for you with regard to the speech I'm going to make at present, but what you will

receive is some information on our society. I would like to elaborate just briefly on who it is we are and what we do. Once again, thank you for providing the CTHS with the opportunity to make this presentation.

We are a non-profit, membership-based organization which represents breeders of thoroughbred horses in Ontario and throughout the country. The CTHS was founded in 1906 and is incorporated under the Animal Pedigree Act, a federal statute, for the primary purpose of maintaining the official registry of thoroughbred horses in Canada.

We have a vision statement, which is short, that I will read to you. We have other information we'll pass on at a future date, but I won't bog you down with that for the time being. The CTHS vision statement is, "We aim to ensure a viable future for our members by providing assistance and representation within the thoroughbred breeding industry."

Now some background on our industry for those of you who aren't aware of it, and I'll relate things specifically to the breeding industry, as I'm sure that's why our group is here as representatives.

Over the past several years, as you may know, we have been an industry in challenge. This is in large part due to a tax rate that was not competitive with other jurisdictions and was not competitive with other forms of gambling, of gaming within the province. A struggling local economy and various forms of government-sponsored and government-promoted gaming have led to the following realities: a decrease in prices achieved locally for our yearlings and breeding stock; a decrease in foal crop, which is the number of foals produced per year, from roughly 1,500 in 1989 to approximately 1,000 in 1996; an increase in horses selling in our competitive markets. This is because other areas haven't been affected the same way we have. Places like Saratoga, New York, and Lexington, Kentucky, at the Keenland sale as a matter of fact, have noted marked increases of late in the sales average of their product. We have not been so fortunate. There has been a decrease in membership of active breeders from roughly 700 to about 528.

I'm sure you've all been made aware of the cycle that exists, but I'll repeat it anyway: On our end, fewer horses bred means fewer horses get to the races. That entitles you, the gambler, the person who goes to the racetrack, to bet on smaller fields. Smaller fields mean smaller handle. That negatively impacts government revenue, that negatively impacts the prices achieved for our racing and breeding stock and that negatively impacts the amount of purse money available for horses running. Therefore, if not corrected, the cycle spirals downwards. We have to find some way to put an end to the downward spiral.

What many people don't understand or may not know about people who breed horses in Ontario — this is not necessarily the sport or business of kings — is that most breeders in Ontario, some 92%, own five or less brood mares. Our industry provides an estimated 40,000 jobs, be they part-time or full-time, and an approximate annual payroll of \$1 billion.

Some costs that we face on a day-to-day or an annual basis as breeders in the province of Ontario: First of all, we have a stud fee to pay to impregnate our mare. We



have the cost of the mare herself. We have services such as blacksmith, veterinary, hay and straw for bedding and roughage — of which hay is anticipated to go up greatly this year; grain prices already have increased dramatically this year — costs of vanning, fees to the racetracks for stakes' nominations, payments to make the foals eligible to various races, fencing, construction and repairs, tack and tack repairs, in other words, halter or shanks, things of that nature, outside boarding fees that we have to pay from time to time, salaries that we pay our employees, seed for fertilizer and pastures, training fees — and that starts a whole new cycle when you talk about horses at the racetrack to be trained that we provide. The training fees then turn around and pay those fees out to jockeys, exercise riders, grooms, hot walkers and agents. We'll also include an et cetera category for anything that I've missed. Clearly, there's a significant financial contribution to the Ontario economy made by people who breed race horses.

This leads us to video lotteries. I guess the question I ask myself is, what does the current state of our industry have to offer myself and people like me who do this for a living? This is all I do for a living. I have an option which I presume is one most of us have in this industry, but it's a distasteful one, and that is to leave the industry and go elsewhere, either seek employment outside the thoroughbred industry or remain within the thoroughbred industry and do it in another jurisdiction, like Lexington, Kentucky. This is clearly not what I want to do. I have my own farm and a young family and do my best to do a good job at doing what I do and earn a living within the province of Ontario.

Video lotteries — well, they've become more and more prevalent obviously and it seems to us that they can provide an effective means for generating income into the horse industry. In jurisdictions, notably Manitoba, Louisiana and Delaware, we have seen where they've been of positive benefit to the horse people.

Why the racetracks? It seems to me that the racetracks have the experience in the parimutuel wagering field, along with the facilities, technology, security and experienced staff to allow the implementation of video lottery networks and make them available to the population of Ontario.

Rumours abound as to the number of illegal video lotteries currently in use. I would have no access to anything but a rumour. I don't know what that number is. I presume your group would have a better idea, but clearly any revenue generated from these illegal machines has no positive impact whatsoever on government, horse people or charities. There are no tax dollars. Clearly, anybody who would run an operation of that sort, it would seem very easy that the machines would not be necessarily on the up and up, the way they would be if they were government regulated.

One concern that is of grave concern to us is the cannibalization aspect of video lotteries. To have them on the racetrack and generate incremental income would be a significant boon to the horse industry. To have them on the racetrack and merely take dollars away from the money that would otherwise be bet on the horses doesn't do us a lot of good. The experience that I have seen, the

information that's been provided, would indicate that it can be worked out such that the cannibalization issue could be dealt with and net income to the horse people could be provided.

At a recent speech made at OHRIA by a government official, it was stated that the intention of the government was to create some \$20 million annually in incremental — and I'd stress the word "incremental" — funds through the implementation of video lotteries. This is to the horse people. This is the horse people's share of the proceeds. These funds are much needed to grow our industry for everyone's benefit, and I would really like to stress that it's to everybody's benefit.

Obviously we have some personal gain here, but as you can see by the strong employment component and by our expenditure component, I believe we're a very significant industry, what we offer to the Ontario economy, and I believe there are a number of groups that have come before, and probably will come after, that have exact facts and figures, so we didn't provide some of those for you, but I'm assuming you'll be made aware of them if you haven't been already.

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In conclusion, I would like to stress a few things. One is that the horse industry is unified. I think that's something that has been unique over the past year or couple of years. This may not be the experience that everybody in government knows previously, but this is what's happened of late. We are working cooperatively for the enhancement of the industry as a whole and we see government as an essential partner to this end. We have the opportunity to move forward and preserve and enhance this vital agricultural sector. I would also stress that the agricultural component should not be forgotten. Without positive change, what future do we have to offer for the people who do what I do for a living?

CTHS is prepared to take part in discussions in order to assist in the achievement of this objective, which will be the best interests of charities, consumers, government and the horse industry. Thank you very much, and I would entertain any questions.

**The Chair:** Thank you, sir. We have two minutes per caucus.

**Mr Colle:** Thank you, Mr Sikura. The question I have is if less and less people are going to racetracks and you put in video lottery terminals in the racetracks, and at the same time you're going to see video lottery terminals I think in the offtrack betting parlours that have licensed premises, isn't the trend going to continue that more and more people are going to go down the street, see the races on television, bet there in the offtrack betting parlour and also play the slots in the offtrack betting parlour? So why should they drive across town when they can just go down the street? Aren't you basically in a no-win situation if the VLTs go into the local bars?

**Mr Sikura:** Into the local bars or are you saying —

**Mr Colle:** The offtrack betting parlour.

**Mr Sikura:** I'm not certain where that stands, whether or not that is exactly where the VLTs will go or not. As far as having them on track, I think it's a very valuable component for us to entice new people to the races. We hope we can offer more than just VLTs when they're

there. We hope they'll fall in love with the horse. We hope that new-found revenues will lead to more expenditures in marketing and promotion of our business, and we hope that with things like the Breeders' Cup that we can really grow our business.

**Mr Colle:** On the other hand, they're going to give VLTs to these licensed premises, and most of the offtrack betting parlours have licences, so how are you going to get your consumers to get in their cars and go to a racetrack when they can go in their own neighbourhood to a betting parlour — they seem to be all over the place now — and sit there drinking beer, smoking, playing the VLTs and watching the races from Mohawk or whatever? How are you going to compete with that?

**Mr Sikura:** Hopefully, the incremental revenues will make our business somewhat more profitable, and we'll be able to offer a better product on the racetrack, and when we do that, we think that the allure of racing, the love of horsemanship will exceed just simply the playing of video lotteries.

**Mr Kormos:** Look, nobody disputes, and you're one of many participants in the horse breeding, horse race industry who have come here and talked about the role that it plays in the economy and the impact it's been under for a considerable period of time. I suppose my concerns are somewhat along the lines of Mr Colle's. I don't know whether I got accurate information, but somebody told me yesterday that people go to the offtrack betting, the teletheatres here, until whatever time races end, 10 o'clock or so, and then they can move on to bet East Asian horse races after 10 o'clock, and then they move on to bet British races, because of the time gap, once the East Asian races are over. It was the operator of a teletheatre who told me that.

You look at how the jockey club has reduced its number of tracks from two to one here in the Toronto area alone, and threatened over the course of the years to shut down Fort Erie, it seems, on almost a cyclical basis. Is your industry going to be any more secure if at the end of the day — there are venues like California where you can race seven days a week, 52 weeks a year, because of the climate. At the end of the day, it's the betting dollar that's being pursued, not by you and your people, by the jockey club and betting operators. I don't understand how VLTs, slots, blackjack, poker games, what have you, at the track are going to improve the lot of Ontario horse people. Is there more than one thing going on here at the same time?

**Mr Sikura:** We share — when I say "we," both the breeders and horse owners — share in revenue that's generated, so even if it's generated offtrack, while ideally we would have everybody show up at Woodbine Racetrack and bet the races, that's not the way it is, because of convenience. Who knows what will happen in the future? Maybe you can bet on your home computer.

**Mr Kormos:** People are doing that too.

**Mr Sikura:** That's possible. But when we can grow the pie, when we can allow for greater opportunities for people to bet money that we would share in, it should make our business more profitable, it should keep us in business. As far as I'm concerned, if I can produce a horse, now I can take it to the local yearling sale, and if

that horse is capable of winning \$100,000 instead of \$75,000, it ought to mean that they would pay me additional money for my product. That's how I stay in business.

**The Chair:** Thank you, Mr Kormos. If we can proceed, we have Mr Young and Mr Hudak.

**Mr Young:** I was very interested in what you had to say about 45,000 — was that the figure? — 45,000 jobs in your industry.

**Mr Sikura:** Forty thousand is what we're told, full- and part-time.

**Mr Young:** Full- and part-time. So those jobs, a lot of them are trainers, stable workers, hot walkers, grooms, that sort of thing?

**Mr Sikura:** Yes. A lot of them do not have replaceable skills.

**Mr Young:** That's what I wanted to ask you. I understand that a lot of these people don't have additional skills or education to take other work. That would mean to me, if they're unemployed, it's extremely difficult for them to get work, extremely difficult to replace those jobs. Is that correct?

**Mr Sikura:** I would say absolutely.

**Mr Young:** Not unlike, I guess, the east coast fishery where you have a whole industry that sort of disappears and there's everybody saying, "What do I do next?"

**Mr Sikura:** Right.

**Mr Tim Hudak (Niagara South):** You made an interesting statement, sir. You talked about the pie growing, the total pie that's spent on gaming, the total pie that's spent on entertainment in Ontario, something that the opposition in their questions either conveniently overlook or don't understand.

I guess over time, as more gaming products are added to the menu, as more things to do with the entertainment dollar are added, more money in total gets spent on entertainment and on gambling in Ontario, and I think if I'm understanding correctly —

**Mr Kormos:** Throw in lap dancing.

**Mr Hudak:** — in Hollywood Park in California, in Delaware, in Iowa, where they have successfully combined VLTs with racetracks, you have seen that pie grow substantially?

**Mr Sikura:** I don't have all those exact facts and figures, but I know Delaware, for example, has been absolutely dramatic. If you talk to people from Manitoba, they'll tell you that the VLTs have been in large part able to keep the racetrack open.

**Mr Hudak:** My understanding too is that in some of these parks, by bringing in new customers and attracting more people to the beauty of horse racing, more money is being spent at the tracks as well on the horses and the purses have increased; in fact I think they've quadrupled, as you said, at Delaware and West Virginia, if I'm correct, as well. Would there be spinoff effects then, if the purse is increased, into the breeding industry?

**Mr Sikura:** Absolutely. If somebody wants to buy a horse, they have to go through a breeder to buy the horse unless they go through what we call the claiming box, but either way, we are the producers of those animals, so presumably the price for our animals is going to go up.



The other thing is for the past three or four years since our economy has really taken a downward turn, we have been sending the top couple hundred of our yearlings every year, our one-year-old horses, to Kentucky and selling them in Kentucky. Those horses don't come back for the most part. Some of them do but a very small minority.

If we had a stronger local market, if those horses could run up here for more competitive amounts of money in comparison to Kentucky, perhaps they would be sold here, they would be retained here, the level of our racing would increase, the number of horses we would offer would increase, and that's again better for the fan. The more horses in the race, the better the fields are, the more they will gamble, the more your government shares, the more our industry shares.

**The Chair:** Time has elapsed, Mr Sikura. I thank you very much for attending here today.

1400

#### ELEPHANT AND CASTLE RESTAURANT

**The Chair:** Our next presentation, scheduled for 2 o'clock, is the Elephant and Castle Restaurant, Mr Gordon Josie. Welcome, sir.

**Mr Gordon Josie:** Thank you, Mr Chairman. My name is Gordon Josie, and I am and have been the regional manager for the Elephant and Castles of Ontario since 1979. Firstly, I want to thank you for allowing me this opportunity to address problems which we have today in our industry.

I want to begin by saying I support Bill 75, the VLTs, because of the necessity to survive in our industry. In the last five years I know we've had some decreases in sales in our industry of around 20%. In our restaurants across Ontario we've experienced a drop in sales of about 25%. That's also related to a drop in our employment of approximately 20%, which is quite significant, because of the lack of sales. We feel that VLTs are necessary, the same as it's necessary to even have liquor available in our restaurants. It enhances the operation.

Alcoholics don't come to our restaurants because we sell liquor. They're going to buy their bottles of wine, whatever it is, and take them home. It's a hell of a lot less money than what we charge for them. People come to a restaurant, they have food and drink, it's for companionship, it's a form of entertainment and it's certainly a form of relaxation. We feel that VLTs lend to this same atmosphere which we're prepared to present to our public. Also too, it's very necessary for us to be competitive today. For example, our operation in Sarnia, if something doesn't happen pretty soon, we're going to be in dire trouble because we're now fighting the casino in Port Huron right across the border. Ottawa is the same thing; we have a casino we're fighting in Hull. Thunder Bay, we have the same problem, all on the Indian reservations.

Having said all of that, we know that it's coming to Toronto and we're just trying to keep on a level playing field with all these other operations. What we have done is try and stimulate sales. In some of our operations, Sarnia for example, we put in billiard tables and things like this to stimulate things and it's helped somewhat. In

fact, we showed a bit of a decrease and then you open up a casino across the river and down we go again to the point now we may have to close that operation. It's sad because that operation employed 25 to 30 people. We're now down to 10 employees and they wonder from day to day whether we're going to open up our doors the next day. So this, we feel, is very necessary.

We have restaurants across Canada. We also have them in Winnipeg, we have them in Alberta. Winnipeg is a fairly new operation so we don't have a lot of statistical information, but what we do have, and that is in Edmonton, for example — and that's a recession-driven city at this point in time. It has generated an additional \$100,000 per restaurant; we have three restaurants there. Doing that has certainly increased our benefits to our staff. They've been receiving higher levels of income. What that does, it frees up disposable income which can be spent in our communities. This is really the bottom line. We have to keep the money in our communities so that it can be spent in our communities so we all survive.

Conclusion: VLTs are here and they're not going away. With gambling in many major cities and native reservations across Canada, it becomes a fight to keep money in local communities. VLTs, by funneling receipts into local and provincial governments, allow taxpayer money to be spent on local infrastructure requirements. It can also help with the fabric required for economic growth and independence. That, ladies and gentlemen, is my submission. Thank you.

**The Chair:** Thank you very much, Mr Josie. We have four minutes per caucus.

**Mr Kormos:** Again, very quickly — and I'm not familiar with Elephant and Castle —

**Mr Josie:** We're not in St Catharines.

**Mr Kormos:** Not in St Catharines?

**Mr Josie:** No.

**Mr Kormos:** Are they in Toronto?

**Mr Josie:** Yes.

**Mr Kormos:** You indicate clearly alcoholics don't come to Elephant and Castle to drink because it's primarily a restaurant and liquor or spirit sales are an enhancement to the restaurant service.

**Mr Josie:** Exactly.

**Mr Kormos:** I don't think anybody can quarrel with that. Similarly, the casinos that you're speaking of, the impression that I've had is that people go there primarily to play the games and if there's food and beverages available, they'll avail themselves of the food and beverages. Is that a fair conclusion? I don't know.

**Mr Josie:** I don't know because I have never run a casino on the reservation. I can't answer that question. I just don't know.

**Mr Kormos:** But the impression one certainly gets is that, because they talk about food and beverages as a way of fleshing it out. What I wonder is that you, like a whole lot of other people — listen, you're not alone. There are a whole lot of people who want to get into the gambling business. The hotel-motel association has been lobbying hard, making representations across the province, saying, "We want to get into the gaming business."

**Mr Josie:** The reason, of course, like I stated, we need to be on a level playing field because of the competition

today. We can't afford to just lay back and say, "Oh, well, let them go to their casinos," because they do serve food and beverages there too; you're absolutely correct. We are in competition with them. We've got to keep our bucks in our communities.

**Mr Kormos:** Would you settle for blackjack and poker games?

**Mr Josie:** If that's what it takes. I guess we all like to think that it isn't what it's going to take. I suppose tobacco smokers would like to have marijuana, but I don't think that's going to happen either, because I don't think that's what it's going to take.

**Mr Kormos:** There's a lot of revenue to be made there. Imagine having a franchise for peddling that stuff in your community.

**Mr Josie:** Peter, let's get back on focus. We are in the food and beverage business and all we want to do is make our customers happy. If coming in and having a cocktail with their meal and putting a few bucks in a slot machine is going to make them happy, so be it. At least it'll bring the traffic into our restaurants and keep them out of the junkets which are heading up to the reservations.

**Mr Kormos:** But my impression is you want to get into the gaming business too, and that's okay if you want to. Just say so, because a whole of folks do. There's a lot of bucks to be made.

**Mr Josie:** We just want to survive.

**Mr Kormos:** Good luck.

**The Chair:** The government caucus has four minutes.

**Mr Flaherty:** With respect to the hospitality and tourism industry in Ontario, we've heard here from more than one presenter about the job creation possibilities of video lotteries in the hospitality sector. We also heard this morning, by video conference from the maritime provinces and from the province of Quebec and also from Alberta, about where they have located video lotteries. The provinces of New Brunswick and I believe Prince Edward Island not only have video lotteries in licensed premises but also have them in premises that are not licensed — in corner stores and that kind of thing. In the province of Quebec, the vast majority of their video lotteries are in what we would call licensed premises — bars, brasseries and taverns. We've also heard here, in terms of tourism and hospitality, that the bulk of the job creation would be in rural Ontario, in smaller-town Ontario. Can you comment for us and for the committee on the job aspect of the proposed introduction of video lotteries in the hospitality industry?

**Mr Josie:** You're talking outside of Toronto, are you?

**Mr Flaherty:** Your operation deals with both, doesn't it?

**Mr Josie:** Yes, that's correct. There's no question, tourism is a major industry for Ontario. It's the number one industry in Ontario, no question. But we're losing a lot of our tourists, particularly in our operations, only because they're being enhanced to go to gambling casinos and all that, again, because of what I feel is unfair competition to us today, and there's no question. Even dealing with Toronto, and of course, I'm representing Toronto also here today particularly, Toronto is a major tourist attraction and not only would this help keep

money in our community, but it would bring additional money into our communities and also into the government funding as well, which is really needed today.

1410

If we take our rural restaurants — I alluded to Sarnia. It's on the verge of us having to close that operation down. I think if we were able to add the VLTs there it could salvage that operation and hopefully it could bring us back to our full complement of staff like we used to have before.

**Mr Flaherty:** In your restaurants do you have other forms of entertainment?

**Mr Josie:** Yes. As a matter of fact, in London and in Toronto — in Toronto we had it in our last operation, not in this one — we actually had the Scratch and Win tickets available at the bars. That was kind of fun for a lot of people who had a drink and played the machines. But we also have, let's see, in three of our operations in Ontario out of five we also added the billiard tables as a form of entertainment.

**Mr Flaherty:** I ask you that because we've heard various presenters from your industry over the past week and a half here and in Thunder Bay, Fort Erie and Kenora uniformly supportive of the government's approach, but they expressed the concept that to compete for today's entertainment dollar the hospitality industry has to offer entertainment alternatives to try to get people to leave their houses and not stay home and watch videos all the time. They need to have a varied menu of entertainment products, if I may put it that way. Is that the view of your operation?

**Mr Josie:** That is so true. If we cannot offer any more than what the person can have at home, then we're dead in the water. It's a proven fact that the reason people go to a deli is because they like corned beef sliced thin, which they can't get at home, that type of thing. So we have to supply something a little bit different.

The other thing too, when people are at home they don't have to pay GST, which we have to. That's another barrier we have to overcome, paying that extra tax.

**The Chair:** If we can move to the opposition, we have four minutes.

**Mr Colle:** I think I used to eat at your place down there by the Eaton Centre and always found it very active and lively and it reminded me of back in England. I think it's the type of establishment that does credit to the industry.

**Mr Josie:** Thank you.

**Mr Colle:** In terms of the industry's problems I'm just wondering, with the VLTs do you see a problem with some of the moneys that may go towards food or beverages being drained over to the machines, or does that make any difference to you because you can still reap the same potential revenues to offset your costs and make your profit?

**Mr Josie:** If anything, it should enhance our food and beverage sales. We found in our other operations in the western provinces that people traditionally spent maybe an additional half-hour in our premises, and of course with this perhaps a cocktail or something to eat would be appropriate to go along with it rather than just sit there at a machine.



**Mr Colle:** That was in Alberta, was it? I know you mentioned you had an operation in Manitoba.

**Mr Josie:** In Alberta, and also in Winnipeg too we find that.

**Mr Colle:** So the experience there has shown there's been no real negative impact in terms of your revenues as it goes from one activity to another?

**Mr Josie:** No.

**Mr Colle:** That is something you've already had experience in.

**Mr Josie:** Yes.

**Mr Phillips:** You mentioned that your experience in Alberta was that each of your restaurants increased their revenue by \$100,000?

**Mr Josie:** Per annum, yes.

**Mr Phillips:** What is that? What is the \$100,000?

**Mr Josie:** Our operations there would do in the neighbourhood of \$1.5 million in sales, \$1.5 million per unit.

**Mr Phillips:** What did it increase \$100,000?

**Mr Josie:** This is a combination of commissions as well as our food and beverage sales. It's a combination, revenue and commissions.

**Mr Phillips:** So your food and beverage sales went up how much?

**Mr Josie:** No. It's a combination of food and beverage and commissions —

**Mr Phillips:** Yes.

**Mr Josie:** — realized \$100,000 per location.

**Mr Phillips:** But I'm just trying to get an idea of how much your food and beverage sales went up.

**Mr Josie:** I don't know. I don't have that figure.

**Mr Phillips:** Isn't there some substantial added expense to you when you have these VLTs in your operation as well?

**Mr Josie:** What kind of expenses? I don't think so.

**Mr Phillips:** There's no added expense?

**Mr Josie:** No. We don't have to buy the units. We provide the space.

**Mr Phillips:** What about more staff?

**Mr Josie:** Staff equates sales. If you do \$100,000 additional revenues you maybe take 10% of that for staffing. But we're dealing with a 25% to 30% labour cost anyhow. So it has a positive effect: It will actually reduce our total percentage of labour costs by increased sales.

**Mr Phillips:** I'm just trying to get an idea of how many jobs we may be talking about here. Is there a substantial number of extra jobs involved here or can you pretty much handle these things with your existing staff?

**Mr Josie:** What it will do with existing staff, it will create the extra hours. We're looking for a bit of a turnaround, hopefully, in our economy, which this will probably help kickstart a little bit to get us back to where we were. Like I said, we've laid off a good 20% of our staff over the last five-year period. We've reduced our staff by that amount. We honestly feel this can create jobs for an additional 10% over what we have today.

**Mr Phillips:** The estimates I've seen on revenue indicate — this is the Alberta experience — that we may be talking upwards of \$900 million for the government revenues if they install 20,000 machines and get any-

where close to the Alberta government revenues, which is about what will offset the income tax cut. The income tax cut I think cost about \$1.1 billion, and they'll bring in upwards of \$900 million in new revenue from the VLTs. Is it of any concern to anybody in the restaurant industry that there's that kind of money being taken back out of the economy into the government coffers?

**Mr Josie:** In answer to your question, we don't think that money is going to be taken out of the economy itself, because we feel in our industry, at least in our restaurants, that we'll be bringing in additional customers, which will then be additional revenues for our restaurants. If this money, this \$1 billion going to government, again goes back into the economy, I would think, "Here we go again." The more jobs we cut and the less income we produce, the less income people have to spend.

**The Chair:** Mr Josie, thank you very much for your presentation here today.

1420

#### ONTARIO RESTAURANT ASSOCIATION

**The Chair:** Our next presentation will be made by the Ontario Restaurant Association, Mr Lee Recchia, chair, and Mr Paul Oliver, president. Welcome, gentlemen. We've heard from many members of your association, and it's a pleasure to hear from you two.

**Mr Lee Recchia:** Thank you. Good afternoon. My name is Lee Recchia. I'm chair of the Ontario Restaurant Association. Joining me today is Paul Oliver, president of the association. It is a pleasure to be here today to discuss our association's and our industry's view on Bill 75.

During today's presentation we'll attempt to keep our comments brief to facilitate as much discussion and questioning as possible. During our presentation we will make a few brief comments regarding the introduction of VLTs, but we also want to discuss some other aspects of Bill 75 which have not received as much public scrutiny and interest but have an equally important impact on Ontario's hospitality industry.

Relative to the issue of video lottery terminals, I'm sure that most committee members are well acquainted with the ORA's support for the introduction of VLTs. We believe that the steps being taken by the government of Ontario to introduce VLTs into Ontario's licensed establishments are an important initiative towards combating the underground economy and helping us stimulate some degree of economic stability within the Ontario hospitality industry.

We believe that the government is going about this initiative in a responsible manner and placing adequate and appropriate safeguards in place that will protect all the impacted stakeholders, including consumers, children, customers of licensed establishments, taxpayers and charity organizations.

As well, we would like to commend the government for having the courage of confronting and addressing the issue of gaming addiction by establishing a revenue stream dedicated towards addiction treatment, addictions which we know already exist in Ontario today. This is the first time that the government of Ontario has adopted a dedicated revenue stream to fund this type of treatment

and we support the government in taking this unprecedented step.

From our review of the introduction of VLTs in the other eight provinces of Canada we have concluded that the introduction of VLTs is an important initiative for the local hospitality industry. It is particularly important in providing a new entertainment activity which will bring customers into licensed establishments so as to generate enhanced food and beverage sales and in turn create new ports-of-entry jobs. We would be happy to elaborate in more detail on our view of VLTs during the question-and-answer presentation.

Relative to the merger of the LCBO and the gaming commission and other aspects of the bill, I ask Paul Oliver now to comment on these issues.

**Mr Paul Oliver:** Two particular areas that we'd like to comment on are, first, Bill 75's provision which would place new restrictions on property owners in which licensed establishments are located; and second, the establishment of a new Alcohol and Gaming Commission of Ontario and the moving of regulatory responsibilities currently entrusted to the Liquor Control Board of Ontario within the purview of the new agency.

The first issue I'd like to touch upon under Bill 75 is the power to revoke a liquor licence and to place a special condition upon the owner of the property and the physical property which would preclude a new liquor-licensed establishment from operating in that location for as much as 24 months.

We are extremely concerned about this provision. We recognize and sympathize with the objective of enhancing community input into the liquor licensing process by closing problem establishments. However, we are concerned that this approach is wrongly directed and could inhibit the establishment of new licensed hospitality operations as well as prevent the redevelopment of properties with new and responsible operators.

We feel that this provision unfairly punishes the landlord who in many cases does not have any power or ability to intervene to remedy problem situations. This legislative change will hold landlords accountable for someone else's actions even though they are not a party to them, nor have they control over those actions.

During the presentation by the minister, he indicated that this amendment to the Liquor Licence Act is intended to place more responsibility on the property owner when leasing property for the use of a licensed establishment. We are concerned, however, that this amendment is blind to the functioning and constraints of a landlord-lessee relationship. In many cases a landlord is simply powerless to intervene. On the other hand, the body which has full responsibility and the power to intervene in this area and to prevent situations from going to the critical point is the Liquor Licence Board of Ontario. The LLBO has far more power to place greater and more stringent conditions upon the operation of a licensed establishment than does the landlord.

We would therefore strongly urge this committee to re-examine why this condition is needed, the specific deficiencies or problems with the existing process which are creating the potential for problems, and to address

these issues and not shift the regulatory responsibility from the LLBO to a third and often powerless party.

Relative to the merging of the LLBO and the Gaming Commission of Ontario and the moving of regulatory responsibilities from the LCBO to the new agency, the ORA is strongly supportive of this initiative as we believe it will help reduce the red tape as well as eliminate the propensity for a dysfunctional or disjointed regulatory framework.

The association, however, is concerned that Bill 75 does not go far enough in the area of regulatory reform and still leaves a fragmented regulatory structure in place which does not fully consolidate all regulatory power within the new Alcohol and Gaming Commission. We are extremely disturbed by Bill 75's failure to move all the LCBO's regulatory responsibilities into the new commission and instead allow certain responsibilities to continue to reside in the LCBO.

During the presentation by the minister, the minister stated that the government "will ensure that the LCBO does not maintain potentially conflicting roles acting as both regulator and retailer." We support this principle but do not believe that the government has gone far enough in moving all regulatory responsibilities into the new agency.

Currently today, we have products and activities which are regulated by the LCBO in a relationship where the LCBO acts as both retailer and regulator. In particular, under clause 3(i) of the Liquor Control Act, the LCBO is mandated to fix the prices of beverage alcohol sold in Ontario, including the price at which beer is sold. We feel that this is a direct conflict of interest for the LCBO, to act as a retailer of beer as well as the regulator of beer prices. In this situation the LCBO acts as a retailer of beer as well as a direct competitor of the Brewers Retail system and in turn indirectly benefits from product price increases. At the same time, the LCBO is expected to act as a non-biased and fair regulator of beer prices. These activities are diametrically opposed.

We believe that as a result, the LCBO has been woefully inadequate in an exercise of its regulatory responsibilities and has failed to protect consumers in the province of Ontario. We also believe that the LCBO should be stripped of its regulatory role as a result of the manner in which it has gone about exercising or its failure to exercise its regulatory responsibility.

As a regulatory body, the LCBO is required to exercise its power in a manner of fairness, looking at the interests of all stakeholders, including both vendors and consumers. Unfortunately, the LCBO does not look at the interests of consumers and has on numerous occasions even refused to allow input from consumers whose interests will be directly impacted by the board's decisions.

As a regulator, the LCBO has failed in addressing even the smallest of issues in the interests of consumers. The LCBO as a regulator has failed to ask beer manufacturers even the simplest of questions, such as: Why are there, after all taxes are taken off, significant price discrepancies between identical beer products brewed in Ontario and sold in Windsor and Detroit? Why is Canadian beer being sold in the United States at a lower cost? Why are licensees required to pay more for an identical keg of



draft beer than special-occasion permit holders or home consumers?

These are relevant and fair questions which we believe the LCBO should be asking and addressing as a regulator; instead, the only answer that comes back from the LCBO is a deafening silence and profound complacency. We believe that consumers deserve and need better.

If these are not by themselves compelling reasons why the LCBO should be stripped of its regulatory responsibilities, we point to a recent action taken by the board at its March 28, 1996, meeting to secretly and retroactively approve beer price increases in the province of Ontario. We do not believe that these are the characteristics of a fair and effectively functioning regulatory body operating in the public interest.

On March 1 of this year, solicitors for the Ontario Restaurant Association wrote to the chair of the liquor control board regarding the simultaneous and substantive beer price increases that occurred last September. At the time of these increases the ORA raised a concern that we believed that the LCBO had not followed its own beer pricing protocol process.

As well, the ORA raised concerns that we did not believe that price increases were valid due to the failure of the LCBO to observe procedural fairness and, most importantly, the board's actions which inappropriately delegated its regulatory responsibilities to civil servants within the LCBO. We suggest that the beer price changes were only being approved by civil servants without the consideration or approval of the board itself. The Liquor Control Act, however, delegates this regulatory power directly to the board of directors, and legal principles would prevent the board from subdelegating power granted to it by this Legislature.

When this issue was brought to the LCBO's attention, rather than acting to protect consumers or address the serious problems inherent in the system, we were shocked when at the March 28 LCBO board of directors' meeting the board secretly and retroactively approved over 1,300 price increases which had already been put into effect over the last year, and we have copies of those if you'd like them.

The ORA does not believe that these types of retroactive approvals and inappropriate delegation of power are the characteristics of any government agency capable of regulating in the public interest, and as such we would strongly urge this committee to amend Bill 75 so that the beer price setting regulatory role held by the LCBO under clause 3(i) of the Liquor Control Act is transferred to the new Alcohol and Gaming Commission of Ontario. Anything less than this would leave consumers in the province of Ontario in a vulnerable situation. This is especially critical, recognizing that two major foreign-owned beer companies now control over 90% of the beer market in Ontario and collectively own 99% of the beer distribution monopoly.

We believe that this important consumer protection power needs to be exercised effectively and in an unbiased manner. In our view, the past track record of the LCBO board of directors demonstrates that the LCBO is incapable of doing that. The committee has the power to

protect consumers, and we would strongly urge you to act and make sure that it is done.

In conclusion, I thank you for allowing us to appear here today to re-emphasize our support for the introduction of video lottery terminals and to stress what we believe is the need for the LCBO to be made into a pure retailer and have all its regulatory powers shifted to the new Alcohol and Gaming Commission of Ontario. Thank you.

**The Chair:** Thank you, gentlemen. We have just over two minutes per caucus.

**Mr Hudak:** There's one term that I wanted to ask you about. You talked about port-of-entry jobs. Certainly I've heard some criticism from the opposition and from other groups which have come before the committee saying, "Why do we want to create jobs in this industry anyway?" They look down their nose. We call it the neo-prohibitionist stance, if you will: "We should do away with these gambling options because maybe we don't want to create jobs in the charity event sites. Maybe we don't want to create these kind of jobs in the hospitality industry." We're talking about port-of-entry jobs. Is that minimum wage for life? What are you talking about, port-of-entry jobs? What does that mean for unemployed people in Ontario today?

**Mr Oliver:** From our perspective, a lot of people are out there who are underemployed or unemployed in the province of Ontario. Some people can go back into high-paying jobs because they came from high-paying jobs and they have the skills that are appropriate, but a large percentage of unemployed people have to re-enter into lower-skill jobs where they build skills in the workplace. It's that entry level position which provides them transition back into the workplace, they get on-the-job skills, and they move up continuously.

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If you look at the number of people who enter our industry at minimum wage, three months or six months later a vast majority of them — I think the number is about 85% — are well above minimum wage at that point. It's because they're entering, getting that transitional employment position, and then being able to move into a regular work pattern that moves them into higher-paid positions.

**Mr Hudak:** So it would be like a hand up to move out of poverty and help them move up the ladder of success.

**Mr Oliver:** It's that entry position. We'd love it if everyone could go from unemployment to being a brain surgeon, but a lot of people don't have those skills. They need to get entry-level positions to get back into the workplace. Our industry, between 1989 and today, has lost over 45,000 jobs in the province of Ontario. Those jobs are critical to bringing people from social assistance back into the workplace, from unemployment insurance back into the workplace, and we need to start restoring those jobs.

**Mr Hudak:** Is this fictional or can this work? Has this worked in other jurisdictions and, if we pass Bill 75, will it work in Ontario?

**Mr Oliver:** We believe the introduction of video lottery terminals will create jobs in the province of Ontario.

**The Chair:** We have approximately 30 seconds, if that's of any value, Mr Flaherty.

**Mr Flaherty:** Sure. Thank you for coming today. We appreciate it. With respect to the regulatory powers, since you did mention a number of those points here, and I'll be sure to pass this along to Minister Sterling, the regulatory powers that are going to be transferred from the LCBO are not specified in Bill 75, and that is something with respect to which we invite your further advice and consultation.

**Mr Oliver:** The only reason I raise it today is that it would require a legislative amendment to the Liquor Control Act to move beer pricing responsibility to the new control board. If it isn't done by this committee, it can't be done by ministerial order or civil servant decision. It has to be a decision of this committee.

**Mr Colle:** Mr Oliver, in terms of section 6.1 that you referred to whereby the province is now going to give itself authority to revoke liquor licences and place special conditions upon the owner of the property — and I guess these are your licensed premises — as you know, in my area of the city I've got a horrendous problem with illegally operating booze cans. For every licensed premise, there are probably 10 booze cans that nobody regulates and it's almost impossible for the police to do anything about. Does this bill do anything to put any onus on the owners of buildings who operate unlicensed booze cans?

**Mr Oliver:** If you're operating an illegal booze can, it's outside of the Liquor Licence Act except that you're breaching it inasmuch as you're selling liquor illegally in the province. But if you're operating illegally, whether you put a restriction in place or not doesn't really matter because the person is, quite frankly, operating illegally, and they're going to continue to operate illegally.

The concern we have, if this type of restriction goes into place, is we'll find situations where if someone found out that an illegal thing was operating and they wanted to get it licensed or move into a regulated stream, this potentially could be a barrier to that. As well, we're concerned that if the onus is then placed on the landlord to put in a condition to break the lease when he doesn't like the licensee, this would put a normal operator in a vulnerable position because they could say: "I just don't think you're following the Liquor Licence Act properly. You're going to threaten my establishment, therefore I'm arbitrarily going to break your lease because I've got another operator that will pay a bit more rent."

**Mr Colle:** So the landlord of a licensed premise is going to be treated differently than one who has an unlicensed premise that is operating illegally, totally outside the law. There's no way the government is going to try under section 6.1 to put any onus on these landlords of the booze cans.

**Mr Oliver:** Using the Liquor Licence Act, the provisions in that only apply to licensed establishments. So if you're saying, "You're operating an illegal club. We won't allow you to operate a legal, regulated place there for the next two years," the illegal club is going to continue to operate there.

**Mr Kormos:** Thank you, gentlemen. I know you were involved in the hearings back in — what? Jeez, it was 1993, the casino hearings.

**Mr Oliver:** Yes.

**Mr Kormos:** And I know I talked to you at several of those venues. I think you were in Windsor, weren't you?

**Mr Oliver:** Yes.

**The Chair:** Excuse me, ladies and gentlemen. I cannot hear Mr Kormos.

**Mr Kormos:** It's okay, Chair. Just add a couple of seconds.

**The Chair:** I can't hear you, Mr Kormos, and I'd like to.

**Mr Kormos:** I appreciate that.

You recall the lineup of downtown Windsor business people, including restaurateurs, who, by God, wanted that casino lickety-split. Am I correct in my recollection of it?

**Mr Oliver:** Yes, my recollection was that there was a large representation from the hospitality industry in Windsor that supported it.

**Mr Kormos:** Because that was going to be the economic boost that downtown Windsor needed. But then I recall the ORA did an analysis — was it fall? When was your paper released analysing the impact of the casino?

**Mr Oliver:** I think it was about a year after.

**Mr Kormos:** Yes. The ORA — and again, I'm not disputing what the ORA said, because it confirmed what my suspicions would be, other than Tunnel Bar-B-Q, which has always got a full house — but the ORA indicated that there wasn't the sort of economic spinoff to downtown businesses as the advocates of that casino predicted.

**Mr Oliver:** Yes. When we looked at the impact of the casino, we were concerned that, if I remember correctly, 50% of the operators that were surveyed enjoyed a benefit and 50% didn't. The surveyed also probed into why they had seen a benefit or why they hadn't and looked at marketing practices, hours of operation, a variety of different things.

We are actually going back to resurvey in Windsor now because what that study did was it stimulated further discussion between the local business community and the casino operators to try to draw people out of the casino into the hospitality operations. But that's very different than video lottery terminals, which draw people into the hospitality establishments.

**Mr Kormos:** Exactly, which is why — this is the final question. I know the Chair is going to allow me to ask it because he used up some of my time. Do you see a distinction between the role of slots in, let's say, restaurants in non-casino communities as compared to the role and impact of slots in restaurants in casino communities?

**Mr Oliver:** I don't think we have done enough analysis, because we only have the two casinos now in the province of Ontario.

**Mr Kormos:** Number three's coming.

**Mr Oliver:** Number three is coming, yes.

I think it's a bit of a different clientele, because what the hospitality operator is targeting is, this is an entertainment vehicle to bring people in, but most importantly keep them in the hospitality establishment longer. That's what you actually notice in other jurisdictions. It's not only that the number of people going to the hospitality establishment increases, but the length of time they stay there, hence the amount of food they buy and consume.



Because often it's one person in a party who will play the machine, but the rest, three or four others in the party, will stay there at the same time. So instead of going for an hour, they may go for an hour and a half, and therefore the spending increases during that period of time.

**The Chair:** Gentlemen, I would like to thank you for your excellent presentation on behalf of your association.

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#### TOWN OF MARKHAM

**The Chair:** Our next presenter is Mr Don Cousens, mayor of the town of Markham. Welcome, Mr Cousens. We are only hearing from two heads of municipalities, surprisingly, out of the 200 presenters we have. We heard from the mayor of Thunder Bay, and you are the second head.

**Mr Flaherty:** Kenora.

**The Chair:** Was that Kenora? I'm very sorry. So I congratulate you for caring and coming here today.

**Mr Don Cousens:** Thank you very much, Mr Chairman. It's a pleasure to be here and to see so many faces that I once sat around with.

**Mr Kormos:** He's collecting a pension.

**Mr Cousens:** It's not part of this bill, though, is it?

I thank you for the opportunity and for the welcome. There are a number of issues, I think, on the positive side. I haven't got verbatim; my background doesn't allow me to write every word I'm going to say. So I listed four points in general on the front of my presentation where I personally see good support for the regulatory framework that's being described for the bill and can support that and I think that some good thinking is going on there.

My second point, the moneys coming from Casino Rama, with the percentage being paid back to first nations, I think is quite something when the government is now recognizing that community and doing something for it. I see that as more than a gesture, but as a recognition and something that I think the public as a whole would support, and I certainly do. I don't know the people there, but I think it says good things.

I also think that by coordinating the casino charities across the province, there will be a coordinated policy. There is quite a large number that I know go on within our own community, the twelfth largest in Ontario, 170,000 population, and there are many different casinos going on. Now with this program we know that there will be more controls in place. Some of them put out all the work and energy and they don't make any money. This way, if you're going to have a limited number, those that are in business will actually have some success to show for it.

My final point — there are many other things I could say of a positive nature, but the last one is that 2% of the gross revenues of the VLTs, that really is precedent-setting. Wouldn't it be something if they did it with tobacco and with some other forms where government takes the tax dollars? I think it's significant that they're doing this and support that initiative.

On the other side, I'd like to touch on my concerns. The first one has to do with — and I'll just read it —

"There needs to be an interim control bylaw to allow municipalities to look at implications of casino activity in the municipality. Zoning bylaws never did address this planned use." So whatever can be done, whether it's under municipal affairs, municipal act — there are a few other former mayors in this room — to look at just how, either through regulation or through other changes, that is possible. Certainly as community we've had many people suggest, "Oh, we'd like to have a casino," here or there, but it's not within our present zoning guidelines whatsoever. So that, I think, needs to be addressed, and it might well mean there is some interim control bylaw to assist us in doing that.

My second point as a concern is the role the municipality should have in selecting the site and the circumstances of a casino. I believe that local government, in consultation with neighbourhoods and communities and the people nearby, knows best what their interests and their concerns are. So you're looking at, as we would be in my new role as mayor with our council, what are the parking requirements? What is the neighbourhood going to think and what are the future steps within that neighbourhood? Are there plans that could change the location that's being selected now that several years or a short time later might no longer make it as good a location as is being suggested? And all those zoning matters that come into it.

The municipality, I believe, has to have a very, very strong role to play in the selection of a site and also what the size and scope of that facility is going to be. I think the people within a municipality want to have that choice through public meetings, through their council, so their voice is heard.

My third point, and recently — I don't think Mr Phillips would have heard it, but there's a party going on that used to be in Scarborough. It's now up in Markham. A group get their licence for the weekend for a social club. It's not just 30 or 40 people; it's 500 or 600 people gathered together. I don't know where it came from, Gerry, but it's really an intrusion into the community.

Through the present licensing systems they can get a license so that they can have their little social party, but it's far bigger than small and it's very intrusive to the whole community and yet we're stymied. We're now putting every effort we can on the police and the licensing board to do something about it, but it's tremendously difficult, it's aggravating, and the noise carries such distances.

The municipality has to have more of a role to play in the whole licensing that goes on. At a hotel in Richmond Hill there's been a strip joint for years. They've tried to get it closed down without success. Somehow or other, I'd like to see some of the decision-making ability passed down to the local level so that the municipal councillors, on behalf of the ratepayers and the people who are close to them, can have some level of input, guidance and responsibility for what's happening in these facilities.

My final point may seem small but there are so many charities. I haven't got the number — you may have through your research — of how many registered charities there are in Canada and how many of those charities are really as relevant as certain ones that you would want

to have within your community. If the community is able, through its municipal council, to have some input in helping select that charity of choice — which isn't the sole charity; it would be the one through which other charities work. There is a revenue generation of funds there that is so significant that I would like to see it as something you know is going to flow back into the community. That is going to be the advantage of this legislation, where it brings these casinos into regulated mode within the communities as we have them defined in the province of Ontario.

Those are some thoughts I had that I wanted to share. I've gone a little faster than usual, but it leaves some time for questions or for you to get on with your agenda.

**The Chair:** Thank you, Mr Cousens. I must congratulate you on your brevity and conciseness. It's something I'm not really used to around this table with these experienced members on occasion.

**Mr Phillips:** I'm interested in whether the council has any views on the VLTs. They are a very seductive form of revenue for the government. We heard this morning from Alberta that with 5,000 machines they generate, I gather, to the Alberta government somewhere around \$350 million. If you extrapolate that to Ontario, the government would get around \$1 billion out of this. It is very intriguing as a revenue source. It looks like an average outlet yields the government \$350,000 a year in revenue. If you think of Markham and a variety of locations there, each of them would be generating \$350,000 for the provincial government. It's very attractive. The restaurants get 10% of that, so they're very happy with it.

To me, it's one of the least productive uses of people's money: the government getting, as I say, \$1 billion of brand-new tax revenue, the restaurants getting 10%, but that amount coming out of the economy and relatively little for the municipalities other than helping some restaurants stay or grow their business. An enormous amount of money; the tax cut is about \$1 billion this year, and this is going to take \$1 billion out of the economy.

Has your council had any discussions on VLTs? Have they expressed any opinions on that?

**Mr Cousens:** In short, the answer is no. I'd have to give you my own opinion, and it's kind of a confused one in some ways. Number one, I personally have never used one and I've only been in a casino a couple of times. I think it's a matter of freedom of decision. It's unfortunate that many of the people who do fall prey to these types of machines really don't have the money for them. It is something that is worrisome within society, and yet you wonder how far society has to go in regulating everything. To the degree to which we're going to have them, let's hope that we control the numbers, that we control the age. I think the circumstances and the environment around it have to be looked at carefully.

I don't celebrate the thought that we're moving into them. They're going to be there and I realize that enough other provinces have been using them and that there is a sense of it. Maybe we'll have a big caution sign around them, as you do with cigarette packages, that says, "Hey, be careful, because this may be something you start to

like too much and you can't afford." I'm not just sure. Our council has not expressed an opinion on that particular issue.

**1450**

**Mr Kormos:** Mayor Cousens, it's always a pleasure to see you. You bring back a recollection of May 1993 when Mike Harris said in the Legislature: "As Donald Trump says, 'Gaming doesn't come cheap.' I have to agree with a lot of the critics on that. It brings crime, it brings prostitution, it brings a lot of the things that maybe areas didn't have before. There is a big cost to pay." I don't know if you recall being in the Legislature in May 1993 when Mike Harris said that. Do you recall it?

**Mr Cousens:** I think I was.

**Mr Kormos:** You know Ernie Eves; he's the current Treasurer.

**Mr Cousens:** I remember him.

**Mr Kormos:** In the Legislature he said:

"Governments of all political stripes and all provinces in Canada seem to be becoming more and more addicted themselves to the revenue that's obtained from gambling; Nova Scotia...with respect to its video machines. We have seen recently, in the last few months, where the province of Nova Scotia indeed has pulled the plug, I believe, on some 2,500 video slot machines. They said that they were too easily accessible and they said that they had quite a few instances of people becoming addicted to them."

I don't know if you remember Ernie Eves's comments in that regard in 1993. If you don't remember them, I hope my quoting them —

**Mr Cousens:** It brings it all back.

**Mr Kormos:** Thank you, Mr Cousens.

**Mr Cousens:** Mr Chair, was he looking for a comment or was it just a matter of using the time?

**The Chair:** Most of Mr Kormos's questions are rhetorical, I've found. In any event, you have one minute left, Mr Kormos.

**Mr Kormos:** You wouldn't believe how little things have changed. As soon as you get close to a nerve, you'll hear the squealing start.

**Mr Cousens:** I know the feeling.

**Mr Kormos:** The absence of Novocaine results in great cries of anguish.

Your comments reflect some of the concerns that AMO has raised as well about this and I suspect will be reflected in more than a few amendments being offered by the opposition parties.

**Mr Klees:** Your worship, good to see you. As usual, you are eloquent, reasoned and convincing. I just wanted to compliment you. For the first time ever, I've heard you be brief.

I've got a couple of questions I'd like to get some clarification on from you. You referred to the municipal control that should be in place so that the municipality can react to any specific concerns. I think it's a reasonable request. Do you have some specific circumstances in mind so that we can perhaps have some food for thought on that?

**Mr Cousens:** There are two or three points. In choosing a location, an applicant may well prefer to have it in a facility that is close to residential. You're just looking at the total zoning requirements around possible sites. Are



you going to want them where there's going to be minimal traffic, lots of residential? What's the future of planning for it? In selecting a site, it's going to be long-term, because of the investment by the proprietor. Whoever installs it all for the long term really doesn't want to think, as the previous speakers were saying, of a broken lease and having to move. The upfront, advance work that goes into it is a prerequisite to a successful program, and I think the municipal council is best suited to putting together that kind of framework. They say, "Hey, we don't even have a framework at all, because we don't have any kind of planning processes for casinos." It would begin with having the community participate and think it through.

**Mr Klees:** I'd like to follow up on one other item. The Ontario Restaurant Association was here just prior to you. They put forward an objection to the provision of Bill 75 that gives the province the power to revoke a liquor licence and place a special condition on the owner of the physical property itself that would preclude a new liquor licence for up to 24 months for problem facilities. As I said, they objected to that. They felt that was putting too much responsibility on the owner of the property, yet I know you've got a problem in York region with at least one facility that's in the news a lot. I'm wondering if this salting-the-earth provision would help you. Do you have any further perspective for us on that?

**Mr Cousens:** I would support that kind of strong, stringent, tough measure so that whoever is running a facility has a sense of great responsibility and accountability to the whole community, and in that regard they wouldn't be frivolous at all, whatsoever, in how they dealt with that facility. That would have to be the case. If they're going to treat it lightly, then they would lose their licence and no one else would move in there for a while. They might have to find a new purpose for the facility, but that shouldn't be our worry. Our concern has to be the community, and this kind of provision does strengthen the community spirit. It says, "Okay, we're setting rules; you're going to live by them," and that makes it meaningful.

**Mr Guzzo:** Mr Mayor, thank you. It is good to see you here. I want to ask you first of all, are you aware of any machines that are presently operating in your municipality at the present time?

**Mr Cousens:** Some illegal ones? No, not at all.

**Mr Guzzo:** I played golf in Mr Tsubouchi's riding the other day.

**Mr Cousens:** The same place as my home town.

**Mr Guzzo:** Yes, I know. I had occasion to stop in your beautiful city and eat that night. The restaurant we chose had not one but three of those machines. I want to tell you that after we spent our money there, the proprietor was willing to tell us, when we inquired, that the machines in question were actually owned by some people from Buffalo, New York. Would that surprise you, by any chance?

**Mr Cousens:** No, nothing surprises me any more. I've got to find out where this place is.

**Mr Guzzo:** I come from Ottawa. In Ottawa we have lots of machines, and the closer you get to Parliament

Hill the more you see them. But the people from Buffalo don't own them; the people from Quebec do.

I want to go back to Mr Phillips's question because I think Mr Phillips has made another good point here this afternoon. If the OPP are accurate, if the government's estimates are accurate and there are 15,000 machines in operation, then presumably there may be as much money being bet right now on those machines illegally as Mr Phillips projects would be bet. But the government's not getting its \$1 billion. Does that trouble you?

**Mr Cousens:** It troubles me when you start having anything that's illegal. The law shouldn't be flouted by someone anywhere. What concerns me immediately —

**Mr Guzzo:** But if I'm correct —

**Mr Cousens:** Absolutely, but your point is very deep as to what's going on within our society. There seems to be an underground out there. We know, having seen just how much is going on with the illegal transfer of cigarettes and jewellery and people skipping their sales tax and other forms, this is just another way of escaping responsibility. That is not good.

**Mr Guzzo:** Of course, it solves the problem or the issue that Mr Phillips raises, because if the money's already coming out of the economy and everybody's getting their slice but the government, then there will be no economic impact by legalizing machines if it pushes the illegal machines back to Buffalo and Montreal.

**Mr Cousens:** Did you help us out by reporting to the police that these existed?

**Mr Guzzo:** Just like that strip club you referred to. Is that not a police issue?

**Mr Cousens:** It sure is and we've been trying without success —

**The Chair:** Sorry, Mr Cousens, we're running over time. Thank you very much for your attendance here today. It was very valuable to this committee.

#### CITY OF TORONTO PUBLIC HEALTH DEPARTMENT

**The Chair:** Our next presenter is the City of Toronto Public Health Department, Dr David McKeown and Councillor Peter Tabuns. Welcome.

**Dr David McKeown:** Thank you, Mr Chairman. Good afternoon. I was going to address the members of the committee as ladies and gentlemen, but I see that wouldn't be appropriate. My name is David McKeown. I'm the acting medical officer of health for the city of Toronto department of public health. Accompanying me today are, as the Chairman has indicated, Councillor Peter Tabuns, the chair of the Toronto board of health, and Elizabeth Kruzel, who works with the department in the area of alcohol policy. I appreciate the opportunity to address the committee and to share some of our views on proposals under consideration. This presentation, unlike many of those which the committee has heard, will focus on alcohol-related matters.

1500

One of the principal functions of Bill 75, as we understand it, is to establish the legislative framework for the creation of the Alcohol and Gaming Commission of Ontario through the merger of the LLBO and the Gaming

Control Commission. At the same time, the legislation does provide for the transfer to the new commission of off-sale regulatory functions presently under the exercise of the Liquor Control Board of Ontario. In consequence, the legislation has relevance to both on- and off-premise sales. What I'd like to share with you is a public health perspective on some specific aspects of the legislation and its implications. Following my remarks, Councillor Tabuns will comment on Bill 75 as it relates to off-premise retailing of alcohol.

In thinking about a change in public policy on alcohol, one must understand both the social and economic benefits of alcohol consumption and the potential harm to individuals, groups and society. Population surveys indicate that alcohol consumption continues to decline in recent years, both in terms of the proportion of Ontarians who drink and per capita consumption. Nevertheless, alcohol continues to be associated with significant costs to individuals, families and society as a whole. A joint Addiction Research Foundation and Canadian Centre on Substance Abuse study released this past June estimated that the alcohol-related costs to the people of Ontario amounted to \$2.86 billion in 1992.

In considering alcohol-related harm, I would urge you as policymakers not to limit your focus to the very small proportion of the population, less than 5%, who are physically dependent on alcohol, in other words, who are alcoholics, as alcohol dependency explains only one part of the harm to individuals and society. Alcohol use operates along a continuum of risk. People can migrate between risk categories, and as the amount consumed increases, so too do the risks of health, family, social, legal and economic problems. Consumption of a large volume of alcohol at a single sitting carries significant potential risk, as does even drinking moderately when circumstances would indicate that no alcohol should be consumed, such as during pregnancy or before driving.

A comprehensive prevention, health promotion and risk reduction approach is required to change risk conditions and risk factors at both the individual and population level. Policy and legislation are essential to this comprehensive approach, and the primary goals of public policy regarding alcohol should be to protect the public health and reduce alcohol-related harm.

With this in mind, let me consider certain features of Bill 75. The legislation states that "The commission shall exercise its powers and duties in the public interest and in accordance with the principles of honesty, integrity and social responsibility." I think we can probably agree on what "honesty and integrity" mean, but concepts of social responsibility and public interest are open to different interpretations, and neither the legislation nor the supporting explanatory notes define them.

From a public health perspective, social responsibility should encompass three different levels of action; the first has to do with awareness in education, to inform people about and assist them to voluntarily follow low-risk guidelines. The second level of action in this area has to do with service and sales practices which promote low-risk use in all venues, ranging from home hosting, office functions, special-occasion-permit events through to formally licensed premises. Public policy is a third level

of action in the area of social responsibility. While Ontario does have the essential features relating to service and sales to minors and the intoxicated, prohibitions on happy hours and drink discounts, mandatory server and sales training as a widespread public policy is not yet in place. The LLBO currently does require server training in a variety of instances, but training should be mandatory overall.

Achievements in the state of Oregon point to the value of mandatory server training. Evaluations there of that policy revealed that single-vehicle, night-time crashes, as one indicator of the harms associated with alcohol use, had decreased by 23% after three years of the policy being in place.

At the policy level, for example, social responsibility also means placing limits on the range of venues which are approved for sales licences. From a public health perspective, for example, licensing dressing rooms in sports stadiums is not very helpful to ensure low-risk service and use of alcohol.

In relation to social responsibility, the Alcohol and Gaming Commission will find many partners at the first and second levels of action, both in education and in good sales and service practice. However, as the regulator of on- and off-premise sales, the commission will carry responsibility for being the primary actor in the area of public policy.

In order for the commission to be successful in its social responsibility mandate with respect to public policy, it must be sufficiently resourced. Consider, for example, that in Ontario at the end of 1995 there were over 15,000 licensed premises and over 80,000 special-occasion-permit events. Serving these establishments and events was an inspection force of 38 liquor inspectors. The number of establishments continues to increase — in 1995 there were another 1,300 or more new sales licences approved — however, the number of inspectors does not and in fact we understand has decreased.

With the current mandate of on-premise liquor inspection, staffing is clearly not sufficient. Bill 75's proposal to combine and increase responsibilities therefore raises concerns. Keeping in mind that inspection is presently understaffed, the main liquor act infractions reported by the LLBO in 1995 were overcrowding, intoxicated patrons and service to minors, all infractions with potential public health implications. So an overtaxed inspection capacity, and local police are really not in any better position to help, leaves the burden on the local community both to police and provide evidence of problem practices.

The provisions of Bill 75 also raise questions in respect to hearings. At present, the LLBO, which consists of the chair and 11 board members, holds over 400 hearings annually regarding the issuance, transfer, suspension or revocation of liquor licences. While Bill 75 does make it clear that a hearing requires the presence of only one board member, and this may help in expediting the work of the commission, the legislation is not clear about the eventual size of the proposed board of the Alcohol and Gaming Commission, save for setting a minimum of five members. If the board were to be this small, at the minimum size, even with some initiatives



like the field-initiated notice-of-proposal process, which has the potential to reduce the need for hearings, I'm concerned about to what extent the board could effectively handle hearings for liquor, let alone for gaming.

A matter of particular concern to public health, which I'll speak only briefly about, pertains to alcohol advertising. As members of this committee heard on Monday, I believe, in the presentation by the Association to Reduce Alcohol Promotion in Ontario, of which the department of public health is a member, it is essential that the product advertising, sponsorship and promotions review and approval functions, which are currently carried out by the LLBO, be preserved and preferably strengthened in this or any reorganization. This role will be of even greater importance in the future, given that the alcohol industry has publicly stated that the kind of aggressive marketing techniques used in the US will be increasingly employed in Canada.

In relation to alcohol, public interest at present is embodied only within the Liquor Licence Act. In that capacity, it has recently been subjected to some court challenges, which have been successfully defended, fortunately.

In relation to on-premise sales, public interest requires that the needs and wishes of the residents be taken into account on new licence applications, conditions on a licence and hearings but not on renewals or transfers of a licence. Although not formally articulated beyond "the needs and wishes of the residents," public interest is understood, we believe, by the LLBO to deal with community atmosphere and there being no negative effects from the operation of an establishment. Residents should be able to enjoy the peace and quiet of their homes, and their children should not be negatively affected by patrons' consumption of alcohol. Furthermore, businesses in the neighbourhood should also not be negatively affected.

The proposed change within this legislation to allow a two-year limit on applications to locations where a licence had been revoked for public interest will, I hope, provide relief to neighbourhoods that have been adversely affected by problem establishments. This has been a problem in some parts of Toronto. Once again, though, this provision rests on the commission having sufficient resources for inspection and hearings.

There are further changes that could be made in this direction which have not been proposed in the legislation, including extending public interest as a criterion to transfers of a licence, which would help address some problem situations.

To facilitate public input and public interest, the commission should consider establishing a responsible sales and service hotline, as was recently proposed to the LLBO by the Ontario Public Health Association.

To support public interest deliberations, the commission, as a regulator, should continue the LLBO-initiated risk assessment study, which gathered information on factors which led to high-risk premises being established. The commission should also support research into issues of density and saturation that incorporate population measures, premises capacity and the overall commercial mix in a given geographic area. Research which has been

conducted in the United States and Australia shows that higher numbers and densities of on- and off-premise outlets are associated with increased levels of health problems.

In relation to the proposed commission and its responsibilities for both on- and off-sale regulation and gaming, the department of public health endorses the Addiction Research Foundation's recommendations, which I believe you have heard, concerning the way in which public interest should be explicitly defined within the act.

**1510**

The third duty of the commission should read as follows:

"The commission shall exercise its powers and duties in the public interest and in accordance with the principles of honesty, integrity and social responsibility. The primary public interest with respect to alcohol and gaming is to manage sales in the province in such a way as to reduce and hold to a minimum all harms to health, safety, work and family life as a consequence of consuming alcoholic beverages or engaging in gambling."

Thank you very much. I'll pass you over to Councillor Tabuns.

**Mr Peter Tabuns:** Good day, Mr Chair and members of the committee. Thank you for this opportunity.

Earlier this year the proposed further privatization of alcohol sales in Ontario was considered at city of Toronto board of health, and the board's position, which was in turn endorsed by Toronto city council and most recently by the Association of Local Official Health Agencies, is one of strong opposition to any further privatization or liberalization of the sale of alcohol in Ontario.

Consequently, the proposed transfer of off-sale regulatory functions from the Liquor Control Board of Ontario to the Alcohol and Gaming Commission of Ontario raises particular concerns. While the Minister of Consumer and Commercial Relations has positioned this as removing a conflict of roles for the LCBO as both a retailer and a regulator, this development may be interpreted as setting the stage for increased privatization of alcohol sales.

Given time constraints, I'm not going to enumerate the available research on which the board of health's position is based, nor the full range of recommendations advanced by the board. I have, though, brought along copies of a relevant report which I will pass on for your review, and I believe that's already been done.

I would, however, like to make a few points with respect to the Alcohol and Gaming Commission as the sole regulator of the current system of sale and distribution of alcohol.

Though not specifically noted in the documentation available concerning the proposed commission, it may be presumed that it would assume LCBO functions such as minimum price-setting. In this capacity the commission acting in the public interest would need to ensure that no decrease in the price or taxation levels of beer, wine or spirits occurs.

In his remarks to this committee last Tuesday, the minister stated that the commission would have authority over the establishment, location, size, hours and other conditions of operation of retail outlets.

In relation to this function, and following from the deliberations at the city of Toronto board of health, I recommend that a public interest provision similar to that of the Liquor Licence Act be added to the Liquor Control Act. Local residents must have the opportunity to actively participate in decisions as to the existence, location, size, days and hours of operation of LCBO outlets, Brewers' Retail and wine stores.

As to "conditions of operation," presumably an example might be the recent proposal for drive-through service at beer stores. Under no circumstances should off-sale outlets expand in this manner because services of this kind would not allow retail staff the ability to observe for signs of intoxication or approaching intoxication.

The minister also identified regulation of private delivery services as another function to be transferred to the AGCO. I recommend that the commission require that the staff of all liquor delivery services take the LCBO's strategies on managing age- and alcohol-related troubles, the SMART training program. Indeed, as recommended by the board of health in March of this year, responsible sales and service training with periodic refreshers should be a requirement for all people involved in the retailing of alcohol.

Further, I'd like to express support for the Addiction Research Foundation's proposal that the province's approximately 250 you-brew operations be brought under the regulation and control of the proposed commission.

The city of Toronto shares the concern voiced by the Addiction Research Foundation that Bill 75 carries the potential to permit government directives to significantly change alcohol control policy in Ontario without recourse to the Legislature.

In closing, while the city of Toronto welcomes this opportunity to comment on Bill 75, the issues raised by Dr McKeown and others from the public health field attest to this being a limited exercise, given that the legislation is not accompanied by comprehensive implementation plans and options. Consequently, I would strongly urge this committee to hold public consultations this fall, once staff from the two liquor agencies, the Minister of Consumer and Commercial Relations and the Ministry of Health, working in collaboration have developed several possible implementation plans.

Bill 75 should not be brought back to the Legislature until there's been an opportunity for public examination and discussion of the possible blueprints for the amalgamation and operation of the Alcohol and Gaming Commission of Ontario.

Those are my remarks, Mr Chair, and Dr McKeown and I are available for questions.

**The Acting Chair (Mr Frank Klees):** Thank you, Mr Tabuns. We have about two minutes per caucus. We'll start with the NDP caucus.

**Mr Kormos:** You talk about the issue of advertising, and it certainly was addressed recently not only by the group that appeared here but by a plethora across the community, which raises a concern then about gaming advertising.

I don't know whether Mr Flaherty can comment on this, but there don't seem to be any effective guidelines or any articulated ones for the OLC currently, and they

engage in a veritable orgy of advertising, very glossy, very expensive, using incredible themes like freedom. "Buy that lotto ticket and get freedom." You also get a red Ferrari. It couldn't be a North American car. It had to be a Ferrari.

One can anticipate similar sorts of promotions. Just look at the stuff the casinos are doing, Casino Rama, Windsor obviously, Niagara Falls and again the press releases indicating the winners at Casino Rama after the first week — no press releases about the people who walked out with empty pockets and who didn't know how to explain to their kids or their spouse what happened to the paycheque.

Some have advocated a prohibition on advertising of slots. There are 20,000 slots that are non-casino slots. What would your position be? I'm asking you for one. Obviously a prohibition on advertising means you wouldn't have to worry about interpretation of guidelines.

**Dr McKeown:** Neither the department of public health nor the board has taken a formal position on this issue. I shared with you the approach we've taken with respect to advertising about tobacco and alcohol, and that is to look at the evidence for a relationship between advertising and undesirable health effects arising from the use of both of those products.

We have taken a position against advertising entirely with respect to tobacco and a position which would place very careful controls on advertising in the area of alcohol so that it clearly isn't associated with desirable activities in a way which can't be substantiated. Without going into the kind of research that would need to be done to support a formal policy position, I think that approach makes sense for gaming as well.

**Mr Flaherty:** Thank you, gentlemen, for coming this afternoon. With respect to the issue of awareness and education, the history of gambling in this province, dealing with the video lottery aspect of it, is that governments have permitted first of all Monte Carlo nights to develop which are now thousands of nights per year, then the most recent government of Ontario, the NDP government, introduced casino gambling in the province with more than 2,500 slot machines in Windsor, all that having been done without large sums of money being set aside to deal with awareness, education, therapy and so on.

I'm sure you're aware of the commitment of our government of 2% of video lottery revenues, exclusive of the video lotteries at the racetracks, estimated to be in the area of \$9 million or \$10 million to that exclusive use, which has been lauded not only by the organizations that service persons with gambling addiction problems but also by the Addiction Research Foundation when they were here.

I'd like to make the note that this government does not avoid the problem. It doesn't seek to hide it under the rug or sweep it under the rug but to face it head-on and commit large sums of money to deal with the 1% to 2% of the population that will have an addiction problem.

With respect to inspections, which you raised on the alcohol side, you're correct that there are some 30-odd inspectors right now with the liquor licence board. With the amalgamation with the gaming commission, the gaming commission will have 75 people in the regulatory



and enforcement area by the end of this month, which will mean that there will be more than 100, approximately 108, inspectors upon amalgamation.

Of the 15,000 or so licensed premises in the province of Ontario, 7,000 approximately are spot-checked each year by the LLBO. I think that the LLBO should get credit for the work they do and I think you should be aware of the complement of inspectors that will be available with this combination creating the Alcohol and Gaming Commission; and more so, that these inspectors in licensed premises that have video lotteries will not only have their gaming responsibilities, they'll have their alcohol responsibilities. What greater penalty could be imposed on someone who operates licensed premises than to have the threat of their liquor licence going on them and basically putting them out of business if they act improperly on the video lottery side? That's my question. Thank you.

**The Acting Chair:** Thank you, Mr Flaherty. We'll move now to the Liberal caucus.

1520

**Mr Crozier:** In the limited time we have I'd like to get your opinion, if you have the information at your disposal, with regard to cross-addiction and what influence that may have under these circumstances.

**Dr McKeown:** I'm afraid we may not have much to say on the subject today. We'd be happy to pass on to you any information we do have. I think the expertise in this area probably lies with the Addiction Research Foundation and other treatment-oriented organizations. I can say that cross-addiction certainly exists. We see this and try to account for it in the design of educational programs, not only in the addictions field but in other health behaviours where we see a relationship between tobacco use, alcohol use, not wearing your seatbelt and a lot of other behaviours which pose a risk to health.

**Mr Crozier:** I appreciate that. Perhaps before we're done all this exercise and before we debate it again in the fall we will have some more information on that. If you do have any, I wouldn't mind if you could pass it on to the committee and perhaps the clerk could distribute it for our benefit.

**Dr McKeown:** Certainly.

**Mr Crozier:** In your presentation today and your presence here — of course in these committee hearings it's on a first-come, first-served basis and we don't always hear, I think, a balanced presentation overall because of the luck of the draw. I appreciate the fact that you have pointed out something that I don't think a lot of us and/or the general public understand: that there are significant health costs to this. We think more in terms of a bottom line, what it does for the province, what it does for those who will have income from these and also what it does to those who simply lose money. Then we drift away from there and don't realize there are significant health costs. I appreciate the fact that you've pointed some of those out today.

**The Acting Chair:** Unfortunately, time is up. I want to make the members of the committee aware that the report that Mr Tabuns referred to is available from the clerk. If you're interested in receiving a copy, she can get that to you.

Thank you very much for your presentation today.

## ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Acting Chair:** The next group is represented by Mr Bryan Mayes, and it is OPSEU. Welcome. Your title, I understand, is negotiator. We're pleased to have you with us. You have 20 minutes for your presentation. That can be divided up into questions and answers, or if you prefer to take the full period of time, that's up to you. Please go ahead.

**Mr Bryan Mayes:** Thank you, Mr Chair, and members for attending the hearing. I doubt that I will take the full 20 minutes to make my presentation. I'll try to limit it to about 10 minutes. I suspect that OPSEU's presentation will be somewhat different in tone and content from many other presentations.

I've been asked by the board of OPSEU to make one brief reference to the issue of video lottery terminals. Basically, my feeling is that this is a safety issue primarily, particularly in regard to younger people. This is an encouragement of under-aged people to partake in gambling and to start establishing that lifestyle. For those of you who find that hard to believe, I invite you to go to Manitoba some time, which is my home province, and check out the situation for a few hours there in any one of a number of clubs that offer video lottery terminals.

Leaving that issue aside, I want to focus primarily on the issue around the employment status of the roughly 77 members that OPSEU represents at the Gaming Control Commission. As most of you probably know, the LLBO is represented by the Ontario Liquor Board Employees' Union. The Gaming Control Commission has, I believe, seven members of AMAPCEO, which is in essence the supervisors' union in the OPS, and OPSEU has roughly 77 folks at the Gaming Control Commission, ranging from economists to investigators to clerical staff.

What I want to highlight in my remarks is not so much to issue a nine-minute-long polemic about why there shouldn't be a merger. There's clearly legislation on the table that calls for a merger. In talking with our members, they've said, "Don't focus on that." What I want to focus on is who is that new commission going to employ and some of the history around what led us to this point.

The handout that I've provided is an extract from the Hansard of June 12, 1996, in essence a series of questions from Mr Crozier to Minister Sterling. I highlight this not so much to denounce the minister in any sense; what I think we have here is some sort of misunderstanding about what took place in the months leading up to June in terms of the discussions that went on among the parties.

Just to highlight three comments, the minister states that there were negotiations with the unions, and I would beg to disagree with that. I believe there were two meetings. Negotiations, in my experience, tend to produce a collective agreement, and that's the 98-page beast that came of the OPS negotiations. That is the entire content of the negotiations, a single page, one-sided, that took place between the parties around this issue. It really wasn't a set of negotiations; it was that the government, to its credit, did advise the unions in advance that there was a merger being proposed. We were discussing

basically the issue of severance there, and I want to come back to that.

The other issue I would take exception to in Mr Sterling's comments, and I think this gets to the core of my presentation, is at the top of the second column. In response to a question from Mr Crozier, the minister states: "We asked them if they could decide among themselves on one bargaining unit. They could not decide on one bargaining unit, so they left us with no option with regard to that because we prefer to have one bargaining unit to deal with."

There seems to be some misunderstanding here. The offer the government put forward was: If we could defer the severance liabilities that will come from people moving out of the Ontario public service, they would be willing to give a guarantee of employment.

I want to reiterate that we are still interested in talking with the government. We may be willing to defer severance so there isn't a big front-end-loaded severance obligation on the new employer. What we would expect, though, is a guarantee of a job offer to the current folks at the LLBO and the Gaming Control Commission and some sort of provision that the current collective agreement could remain in place for a limited period of time.

What I think we were being offered was in essence, "You'll get some six months of employment if you defer your severance, but we're not going to tell you how much that employment's going to pay or what it's going to look like or who will get it."

**The Acting Chair:** Mr Mayes, if I might, the purpose of this hearing is specifically to discuss Bill 75. You're bringing into discussion around the table here matters relating to negotiations that have gone on or perhaps have not gone on. I ask you if you would mind keeping your comments specifically to the topic for which this hearing has been called. Would you kindly do that?

**Mr Kormos:** What the hell is the Chair talking about?

**Mr Young:** It is outside the jurisdiction of the committee.

**Mr Mayes:** Mr Chair, I believe the committee is able to introduce amendments to any legislation. Perhaps that's the intent of the committee, to hear from the public and to hear suggested amendments.

**The Acting Chair:** It is indeed. I just want to remind you that the purpose of this hearing is specifically related to Bill 75, and it would be very helpful to this committee if the discussions that went on and your presentation were focused on that subject.

**Mr Mayes:** I would suggest that the only reason I'm here is that Bill 75 will merge the two agencies, and as a result some 77 of our people are out there wondering if they'll be employed. What I'm trying to suggest is a scheme by which we can avoid some of the severance liabilities that might arise and possibly avoid some future labour relations problems at the new commission.

Several people who sat in on the initial talks are seated behind me. Certainly, if ministerial staff wants to direct them coming out of this, that would be a productive result of this; or if some sort of amendment could be introduced, that would also be productive.

**The Acting Chair:** We're happy to hear any recommendations you have regarding changes to Bill 75, if

that's what you have. Again I would ask you not to make this into a negotiating session, please.

**Mr Mayes:** That's quite clear. I am trying to suggest possible additions or amendments to Bill 75. I don't claim to be a legislative draftsman. I know there are people employed here who do that job.

**The Acting Chair:** I think you heard my comments and I would ask you to comply.

1530

**Mr Mayes:** Very good.

What came out of the discussions that took place, what we had difficulty with, of course, was the legal provisions that govern who would represent the employees of such a new agency. It wasn't up to us, the unions, to decide if that would be one or two unions. It's possible that we could have gone in and signed up the full-time workers while the OLBEU could have signed up the part-time workers. That certainly takes place at various places throughout the province.

What we suggested was to give us a few months to try to sort out which group will represent these workers or if there will be two bargaining units, and at the end of that, if that can't be sorted out, we'll have a winner-take-all vote and get on with bargaining. Our proposal here is not that the current collective agreement for the OPS, which runs to end 1998, or that the current collective agreement for the LCBO, which runs to end 1998, would govern this new agency. The new agency may want to have all sorts of flexible arrangements of its own. Whichever union is in place I'm sure can negotiate that with a group of people elected from the membership.

What we were unable to do is decide in advance necessarily what the bargaining units would look like or if there'd be one bargaining unit or two. My point, perhaps to refer to the Chair's earlier comment, is to suggest amendments. I do not have specific drafting; as I've said before, I'm not a draftsman. The amendments would be in the nature of having the parties return to real negotiations to see if we could come up with some sort of timetable or, alternatively, putting some sort of timetable around how long the current collective agreement would remain in place.

What you're going to have is, say, a mix of clerical staff from the LLBO and OPSEU moving in together. I can imagine that if I were the employer, I wouldn't want two different unions with two different sets of rules for the same sort of worker. Nevertheless, it is possible you might have one union representing the investigators and a different union representing the clerical staff, for example. I think we could work that out in short order.

Part of the difficulty we encountered in the discussions was that nobody knew the time frame, nobody knew when the legislation would come down. We now have that in front of us. If part of that legislation is a time frame around sorting out representation issues and sorting out if the collective agreement's going to stay in effect, that would be helpful. Part of the difficulty here is that all we were told was that these will be crown employees. We don't know what pension plan they'll be under. We don't know what the severance obligations would be.

As we get closer to this commission being introduced, what you face is 77 or more people being given notice of



layoff and all of the attendant bumping difficulties that's going to create. We have people who would be eligible for early retirement as of February 1 of next year. What if they're offered a job with the new employer? All of those sorts of logistical details. If we can bridge with the existing collective agreements for, say, a few months into the new regime, that'll sort out a lot of these problems. We could then have the elected bargaining team go forth and bargain a new collective agreement with the new employer. It may be OPSEU, it may be OLBEU, it may be the Teamsters. These people will have the right to vote on these things.

The point here is that we were trying to defer the severance, defer some of the bumping madness that might take place, defer some of the other difficulties that would arise if you switched pension plans on these people. It will take the new gaming control staff about four or five years, in my experience, to work out a shift from one pension plan to another.

My sense is that if we can sit back down at the table, we can probably sort out a lot of these problems. With due respect to the Chair's comments, that may not be a legislative provision, but we are here to indicate that the legislation itself is clearly causing this difficulty. The point is not to try to scuttle the merger at this point, from our perspective; it's to try to get the best arrangements possible for the 77 people we have.

I have some other comments but perhaps I can defer those in case there are any questions or maybe try to get across some of that in the answers to those questions.

**Mr Flaherty:** Thank you for coming this afternoon, sir, although Bill 75 perhaps doesn't deal specifically with the matters you've raised. As I understand it, meetings were held in May with representatives of both unions and the MCCR and Management Board. The parties were unable to reach agreement on bargaining agents and the ultimate resolution of that is that the employees will be selecting their own bargaining agent. Is that correct?

**Mr Mayes:** No. Actually, what we were told was that the people at the table had no authority over what arrangements would take place with the new commission. So even if Mr Coones had said, "Let Mr Mayes represent all these folks," I believe the MCCR people had the view at that stage, before the legislation, that they couldn't speak to the new agency.

**Mr Flaherty:** Well, the bargaining agent is not going to be chosen by the government; it'll be chosen by the employees. The government does intend to honour its collective bargaining agreements in terms of severance, seniority and reasonable efforts to seek job offers for employees. I might also mention, and you would know this, that the Gaming Control Commission in Ontario has a history of expanding its workforce as gaming activities in the province have increased, because of the increased supervisory and regulatory obligations that are put on what is presently called the Gaming Control Commission and what will be the new Alcohol and Gaming Commission of Ontario.

**Mr Mayes:** If I could respond to that, you mentioned that the government will honour its commitments around "reasonable efforts," which is the wording found in the

new OPS collective agreement and with AMAPCEO and with the liquor board employees' union. That's part of my point, this wording that the crown will make "reasonable efforts" to find alternative employment with the new employer. That wording is already being litigated in a different setting. I hope we could sit down and settle these issues in the manner I suggest rather than potentially having all three unions try to litigate. Were your efforts reasonable for AMAPCEO, OPSEU, OLBEU? It's the same wording in all three places.

**Mr Phillips:** I appreciate your being here and highlighting for us a very human concern around the implications for people. The challenge that we may face here — I listened carefully to you — is that if we involve ourselves in this specific instance, is there not a risk we run of being accused of meddling in the affairs of the employees, which bargaining unit they would in the end want to take and how they want to structure their affairs? Maybe you can respond to that.

**Mr Mayes:** The government, in inviting us in, talked about deferring severance as part of a solution it saw to avoiding some front-end costs. That's what I'm talking about too, if they want to load all the costs in the front end in terms of severance and in terms of possible litigation. That's certainly the road down which we're headed. My proposal, the proposal we talked to them about, was a limited period during which people would be given a guarantee of employment and the current collective agreement would take place. If the unions can't sort out who the bargaining agent is — or if the Teamsters come in and sign up 55% of the folks, they're going to get the unit. In response to the question, no, we're not trying to determine who's going to get the group. The issue is, who's going to be working there and under what conditions are they going to go over?

**Mr Kormos:** I note in the excerpt from Hansard from June 12, 1996, "Hon Mr Sterling: We asked them if they could decide among themselves on one bargaining unit. They could not decide on one bargaining unit, so they left us with no option..." In your comments today you indicate that it could well be a choice, in view of the various job roles, that there be bargaining units representing one sector with common roles and another sector with a distinctive role.

**Mr Mayes:** That's certainly possible. At Metropolitan Toronto Housing, OPSEU has the inside workers, CUPE has the outside workers. Due to the provisions of Bill 7, you can now certify full-time workers without the part-time workers, so theoretically one union could go in and sign up the full-time workers and there'd be a separate bargaining unit.

**Mr Kormos:** What kind of time frame were you speaking of?

**Mr Mayes:** Let's say January 1, 1997, is the implementation date, which is going to be difficult in that you'll have to give a whole lot of people six months' notice and the attendant difficulties there. If the collective agreement were to stay in place at the new agency for, say, six months, that would give people time to elect a new bargaining team with whatever union is going to represent them and start bargaining with the new

employer to set up a collective agreement that would be applicable to that employer.

**The Chair:** Time is at an end for this presentation. Thank you for your presentation on behalf of OPSEU.

1540

#### WESTERN FAIR ASSOCIATION

**The Chair:** Our next presentation will be the Western Fair Raceway, London, Mr Hugh Mitchell, assistant general manager. Good afternoon. How was the traffic from London today?

**Mr Hugh Mitchell:** Excellent, actually. Good afternoon. Thank you, Mr Chairman and committee members, for this opportunity to present to you the Western Fair Association's position on Bill 75 as it pertains to the introduction of VLTs into Ontario.

The Western Fair Association supports the establishment of a tightly regulated, government-controlled network of video lotteries for a specified period of time at racetracks. Under these terms of machine introduction, the government will have time to measure and analyse both the social and economic impacts of VLTs in Ontario.

First, some background on Western Fair Raceway and the scope of our operation before I offer some supporting rationale for our position on VLTs.

The Western Fair Association, which owns and operates Western Fair Raceway, located in London, is an agricultural society whose mandate is to support and provide for the ongoing development of agriculture. We consider live horse racing an integral component of the agricultural industry we serve. As such, we feel we have a responsibility to support the horse racing industry.

Western Fair Raceway currently operates some 95 live race dates through the fall, winter and spring, which dovetail into summer meets at a number of smaller area racetracks, namely, Woodstock, Sarnia, Clinton, Hanover, Dresden and Elmira. An estimated total of 550 to 600 race horses are required to support these 95 live race dates. The costs of feeding, caring for and training a horse in our market has been estimated to be about \$13,000 per horse per year. This \$13,000 in horse ownership expense has a far-reaching effect on the local and area economy. This ownership expense, multiplied by the 600 horses required to support 95 days of live racing, represents some \$7.8 million in industry spending in the London and area market.

Further, we estimate that the racing industry in our market represents over 4,000 full- and part-time jobs. Western Fair Raceway's \$1.5-million payroll in itself is significant for our market, as is the more than \$2 million in purses paid to our local horsemen.

In addition to our 95 days of live racing, we offer multiprogram simulcasting daily onsite and offsite at select teletheatres, producing an overall handle of some \$27 million and entertaining more than 200,000 racing fans annually.

All this is to say that our racing operation, as well as the 18 other racetracks across this province, has a vast trickle-down effect on the local and area economies that each of us serves.

Why is a racetrack like Western Fair Raceway the most appropriate site for introducing VLTs into the marketplace? Listed are a few key reasons why racetracks are best suited for VLTs:

(1) Horse racing no longer enjoys the gaming monopoly it once did. The introduction of lotteries, casinos and other forms of legal gaming in the province has whittled horse racing's share of the gaming market to an alarming 11%. As an industry, we believe our future rests on our ability to expand our gaming products and to re-establish ourselves as sports, entertainment and gaming destinations.

Parimutuel wagering is a skill game that requires a player to invest some time in handicapping the horses. Currently the product's customer base is predominantly male, middle-aged and older. By contrast, VLTs are a fast-paced game of chance with a much broader gender and age range appeal. However, as much as we believe these products can complement one another, we also know from the experience of other jurisdictions that VLTs have the potential to cannibalize parimutuel wagering. This cannibalization issue should be considered when the stakeholders are developing a business plan and marketing strategy for introducing VLTs into Ontario.

(2) Racetracks operate under very strict government regulations and licensing procedures, and as such are accountable to the government for protecting the public's wagering interests. Our facilities are easily secured and entrances controlled. Racetrack officials and many key staff are required to be fingerprinted and licensed by the Ontario Racing Commission. Many racetracks already have ample climate-controlled floor capacity and lots of public parking. We have the infrastructure and experienced staff in place today to handle large amounts of cash and online wagering.

(3) By tradition, racetracks are established as publicly acceptable venues for legal gaming. The public would have to make a conscious and concerted effort to attend a track to play VLTs, thus impeding the impulsiveness of their play. Racetracks have a built-in adult customer base and are strategically located across the province in larger urban centres.

(4) As I understand it, the grey market is very large and growing fast. By putting VLTs into racetracks, government and other stakeholders are assured their revenue share. Further, racetracks will become a formidable competitor to venues now housing illegal machines.

(5) A good many racetracks are either non-profit community-based entities or agricultural societies whose success is not measured on profits alone. Most of Ontario's racetracks are accustomed to working with volunteers and actively involved in fund-raising for many local charities. These reasons alone make racetracks excellent sites for permanent charity gaming halls.

(6) Finally, as indicated in some of my earlier comments, horse racing is an extremely labour-intensive industry. This industry employs a good many people who, because of their lack of technical skills and formal education, might otherwise be on government-sponsored social programs. Our industry generates a vast amount of economic activity, which will be further enhanced with VLT revenues being channelled through the industry.



In closing, for a good many decades the racing industry and government have enjoyed an excellent working relationship. Based on this history, our industry is confident we will prove a worthy partner of government in video lottery gaming. All we ask for is the opportunity.

Thank you, Mr Chairman and committee members. I'd be pleased to answer questions if there are any.

**The Chair:** Thank you, Mr Mitchell. We have three minutes per caucus.

**Mr Crozier:** Good afternoon, Mr Mitchell. I want to say at the outset that I'm supportive of your submission and those of others who have taken the same view, as well as horsemen and their associations who have been here.

There is no mention in here of the extent to which you support Bill 75. It covers a wide range of areas, but you have mainly centred on the VLTs. Of course, beyond racetracks and fixed charitable casinos, Bill 75 would also enable the introduction of some thousands of VLTs in bars and restaurants across the province. How do you feel about that specific part of it?

**Mr Mitchell:** The first objective for us is to hopefully end up in a strategic alliance with the government, work through a business plan, set some goals and objectives, and then at some point in time, at that deadline, re-evaluate the situation. I'll be frank with you. As a racetrack operator, I'm not supporting the further expansion of VLTs outside racetracks. However, I think it's premature for us to try and analyse what that situation will be and the impact there. The first order of business is to go through phase 1 of the introduction with some goals established in trying to evaluate ourselves on both the social and economic impact at the end of that time frame.

1550

**Mr Crozier:** Thank you. Mr Phillips has a question.

**Mr Phillips:** I used to be a parimutuel clerk at your raceway at one time, probably before you were born, though. What sort of revenue does the Western Fair Raceway see from these?

**Mr Mitchell:** What sort of revenue?

**Mr Phillips:** Yes. What are you estimating your revenue would be from the introduction of VLTs?

**Mr Mitchell:** I guess from some of the other jurisdictions we know that average machine income per week ranges from some \$500 to \$1,200. We do not know to this day what our split might be, so again it's only speculation as to how much money we and our horse people will actually earn from the introduction of each machine into our plant. Suffice it to say that we comfortably can handle anywhere from 150 to 300 machines from a floor capacity standpoint. What the market will bear, time will tell.

To answer your question directly, until we know what split we're assured of in this equation, in the formula, it's premature for us to estimate what that revenue back to Western Fair Raceway will be. That's a good question that we hope we'll have answered by government in due time.

**Mr Kormos:** Thank you, Mr Mitchell. You sat through the last presentation?

**Mr Mitchell:** Correct.

**Mr Kormos:** If you hadn't been aware before this afternoon, you're at least more aware now of the government's abandonment of the LLBO and the Gaming Control Commission and the creation of a new agency, the liquor and gaming authority of Ontario, and a number of rationalizations for it, among them being that gaming locations will be concurrent with drinking locations and why have two different bodies visiting the same places. You heard that public sector employees of what is now the Gaming Control Commission have acknowledged that that's the way it's going to be.

If the government were to next propose the elimination of the Ontario Racing Commission, because what we're seeing is the development of — your industry has made strong representation to the government about being first in line, because it's already a gaming venue, right? It's already a gambling venue. That's part of why your industry has indicated that it's capable of accommodating slots. In most cases I suspect racetracks are licensed under the Liquor Licence Act.

**Mr Mitchell:** Correct.

**Mr Kormos:** And gaming is gaming. What would your industry's response be, or at least your response? You probably don't want to be in a position to speak for the industry. What would your response be to the elimination of the Ontario Racing Commission and indeed having the liquor and gaming authority of Ontario overseeing liquor licences and gaming licences, including all sorts of gaming, including horse racing?

**Mr Mitchell:** First, let me deal with the question of the Ontario Racing Commission. I for one am very supportive of the commission and the regulatory function. I think they've served the industry well. But I am not of a mind not to accept change if it's appropriate. They are objective, if you will, and they're an independent body that I think polices racing extremely well. So I would continue to support the racing commission as a body unless there was another plan put forth that for economic reasons possibly achieved the same result but for less money.

Second, the whole issue of amalgamating the two boards was a question. Yes, you're correct; we do serve liquor and are licensed, hold a major licence in the city of London for the serving of liquor, spirits and beer. As well, of course, we're in the parimutuel wagering business. I guess we live in a day of consolidation and rationalization, and if it best serves and streamlines the regulatory function, I would support that.

**Mr Kormos:** Okay. That's all I wanted to know, because there's more coming down. This is the beginning.

**The Chair:** The government caucus has three minutes.

**Mr Guzzo:** Thank you, Mr Mitchell. A couple of quick questions. How many live dates of racing will Western Fair have this year, roughly?

**Mr Mitchell:** We will apply for, I believe, 95.

**Mr Guzzo:** How many horses does it take to put on a live racing program?

**Mr Mitchell:** Ideally, we like to run 11 to 12 races a night, which we call a full card. Ideally, we like to have eight horses carded in each race. So eight times 12, you're over 100 horses — quick math.

**Mr Guzzo:** How many horses are stabled at your track?

**Mr Mitchell:** Currently none, sir. We race from the fall through to the spring. We have a ship-in facility, which is rather unique in this jurisdiction, not so much unique across North America. We're located very close to a number of training centres within 15 or 20 minutes, at least a half-hour drive from our racetrack. If you were to fly, on a clear day like this, over the city of London at low altitude, you'd see a skirting of training centres across southwestern Ontario not unlike how you might see a skirting of outdoor pools across subdivisions. I guess what I'm telling you is that we've established with our horsemen under agreement that we wouldn't provide stabling facilities and they would ship in from their respective training centres.

**Mr Guzzo:** So if you run four nights a week in summer, 400 horses a week, those horses are being trained, groomed, fed in small-town Ontario surrounding London?

**Mr Mitchell:** Correct. They are.

**Mr Guzzo:** The employment those horses provide for the grooms and for the hotwalkers etc, those low-paying jobs in the rural community are located in small-town Ontario and filter through the small cities and training centres. Correct?

**Mr Mitchell:** You're correct.

**Mr Guzzo:** The other point I wanted to zero in on, because in my opinion that employment — not the people you hire at the racetrack. They're important too, but many of those jobs are part-time, they're students and they're part-time, housewives who work at night and punch tickets. But those other people in those farming communities might not have an alternative to employment if those training centres had to close.

**Mr Mitchell:** That's correct.

**Mr Guzzo:** The other point you make I think is very, very valid. My colleague picked up on it and it's something that has always been a problem for horse players. When you go to a casino to gamble, be it in Ontario or Las Vegas, you don't pay to go in, but when I go to your place to play the horses, I have to pay to go in.

**Mr Mitchell:** Correct.

**Mr Guzzo:** For that very reason alone, people are not going to go to the track just to play VLTs. I mean, why would they?

**Mr Mitchell:** Under that scenario there are some access costs to our plant that are, yes, unique to the gaming industry. I might offer you, though, with the VLT revenues, we might have a strategy — and with the tax reduction that's come forward — maybe our strategy in the future is to have no admission charge.

**Mr Guzzo:** There are some people who are knowledgeable in the horse community who think that you should have done that years ago. Whether you could or not is questionable. I'm not criticizing you for doing it. I mean, that's common throughout the industry in North America.

**Mr Mitchell:** It is.

**Mr Guzzo:** You pay to go in. I'm just suggesting that in terms of the individuals who would go there making the conscious decision —

**Mr Mitchell:** It's a barrier to entry.

**Mr Guzzo:** And it's also a situation where sometimes the spouse of the horse player might not be interested in doing the handicap but the VLT might be an alternative form of entertainment for the spouse, might it not?

**Mr Mitchell:** That's how we see it.

**The Chair:** Thank you, Mr Mitchell. We appreciate your attendance here today.

#### HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION OF ONTARIO

**The Chair:** Our next presenter is the Horsemen's Benevolent and Protective Association, Mr Carmen Di Paola and Mr John Whaley. I believe, Mr Whaley, you attended before us on behalf of the Fort Erie branch.

**Mr John Whaley:** No, I did not. I was not able to make that appearance.

**The Chair:** But someone did.

**Mr Whaley:** Bert Simon appeared in my stead.

**The Chair:** Okay. That was the branch. This time, are we hearing from the overall association or a particular branch again?

**Mr Carmen Di Paola:** No, Mr Chairman, you're going to be hearing from the total HBPA of Ontario.

**The Chair:** I just wanted to clarify that. Thank you. Please proceed.

**Mr Di Paola:** Thank you very much, Mr Chairman and members of the committee. My name is Carmen Di Paola and I am president of the Horsemen's Benevolent and Protective Association of Ontario, which we refer to as the HBPA. Thank you for the opportunity to appear before you today on behalf of the thoroughbred horsemen and horsewomen of Ontario.

The HBPA is the association of owners and trainers of thoroughbred racehorses which is recognized by provincial and federal regulators. We are one of a number of HBPAs throughout Canada and the United States. Currently we have approximately 2,700 horsemen and horsewomen in Ontario who are our members.

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The objective of the HBPA is to look after these horsemen and one of our main objectives is to support live thoroughbred racing in Ontario. The horse racing industry in this province is still a significant agricultural business and generates over 40,000 full- and part-time jobs with \$950 million in labour income.

We at the HBPA are concerned about the future of racing. We recognize that Ontario has the potential to remain an important player in the horse racing industry in North America. It was the fifth-largest wagering jurisdiction in North America in 1994. However, we have seen a steady decrease in the handle and revenue from live racing since other forms of gaming have been introduced into Ontario. I won't go through the history of development of alternative forms of gambling in Ontario; however, the impact has been dramatic. We now see a threat from the introduction of casinos, with Casino Rama having opened and the Niagara casino on the horizon. Both of these are likely to draw significant numbers of bettors from the Toronto area.



We have seen attendance and the live betting handle fall this year from 1995. Although our customers are finding teletheatres to be an attractive option, many of these customers are drawn from the track itself. In any event, wagering on live racing from Woodbine Racetrack and Fort Erie Race Track is down approximately \$13.8 million overall. The simulcasting from other tracks, mainly from the United States, is substantially up over 1995, but this does not provide as high a level of revenue for Ontario horsemen and horsewomen as does live racing and it takes funds out of the country.

The decrease in revenue over the years has hurt the industry and led to a drop in the number of owners and the number of horses. Many owners have just dropped out after continuing to sustain losses. Quality horses are being lost to those operating south of the border. We must have sufficient quality race horses to compete with the American simulcasts.

The government of Ontario in its budget has indicated a change in the tax levied on horse racing, which should ease many of the inequities which have made it difficult to compete with the other forms of gambling. To take advantage of this tax relief, we need to bring people back to the tracks. We of course thank the government of Ontario for these initiatives that they have brought forward for horse racing in Ontario.

It is our understanding that the government intends that video lottery machines be brought into the racetracks in Ontario. We favour this proposal as an attraction to bring people back to the tracks, and also, it is proposed that one half of the tracks' share of the revenue from these VLTs will be distributed to the horsemen and horsewomen in the form of purses.

It is our view that the racetracks are uniquely able to provide a secure betting environment, staffed with experienced staff. In Ontario, thoroughbred racing is available only through the Ontario Jockey Club tracks at Woodbine and at Fort Erie. The Ontario Jockey Club is a long-established track operator with an excellent reputation for professionalism in handling wagering. They are used to providing controlled access while at the same time providing customer amenities, including lots of parking. We do feel that a review of the VLTs at the tracks after six months would be advisable to determine what effects they have on our racing.

We believe that the introduction of VLs at Woodbine and Fort Erie racetracks will attract new customers to the track and that they'd, to a large extent, be people who otherwise would not have an occasion to go to the track. By providing these people with exposure to thoroughbred racing, we think that they will find our sport to be attractive and give wagering on racing a try. We are of course concerned about the cannibalization of our existing betting revenues by VLs. It is our view that we are better to have them at the racetracks than competing with us elsewhere. It is hoped that they will earn more revenue than will be lost through cannibalization.

We also believe that the revenue these machines will provide will help us maintain our purse structures. These revenues will go directly to owners and trainers of thoroughbred race horses and from them through the rest of the agriculture economy racing supports. It is esti-

mated that horse racing generates 33 person-years in employment for every \$1 million of incremental industry expenditure. The industry employs a labour force which is generally classified as having low skill levels and can therefore offer employment to people who cannot be marginally employable in other businesses. These people labour in the love of horses and racing and do an excellent job of looking after these expensive and finely-tuned athletes.

In conclusion, we of the HBPA support this government initiative to introduce VLs into the racetracks. Thank you very much, Mr Chairman. I'd be happy to answer any questions.

**The Chair:** Thank you very much for your presentation.

**Mr Young:** I have a question and it's almost of personal interest. I haven't been to the racetrack in years, but apparently the turnout for the recent major races, like the Queen's Plate etc, has been disappointing. Can you expand on that and explain that to me.

**Mr Di Paola:** On the Queen's Plate day, I think you'll find that the number of people in attendance at the teletheatres and at the racetrack was pretty well about the same as the year before. It's just that with the teletheatres that we have and the convenience that it offers our bettors, they don't have to come to the racetrack to participate and enjoy horse racing.

**Mr Young:** Can I ask what other initiatives in concert with the potential for VLTs you're bringing forward to get more people interested? Really, it is the sport of kings; it's an exciting sport.

**Mr Di Paola:** I think we in the thoroughbred horse business have done a very poor job of marketing the excitement, the pleasure and the thrills that there are with horse racing. I believe one of the reasons we haven't been able to do that is that there have been no funds available in marketing budgets. Thanks to the government and the tax break it's giving us, I believe we will have the marketing moneys to be able to sell our stories and to show people the excitement and thrills that there are in horse racing.

**The Chair:** Did you wish to ask a question, Mr Guzzo?

**Mr Guzzo:** Do we have more time?

**The Chair:** We have more time. Actually we've got a lot of time because I don't believe Mr Kormos is going to be here.

**Mr Guzzo:** I think it would be helpful if you explained what exactly your organization does for the people who are members and the horsemen of the community.

**Mr Di Paola:** Our membership is owners and trainers. It totals about 2,700 people. We handle all negotiations with the Ontario Jockey Club as to contracts. We handle benevolence on behalf of our people. We have all kinds of programs. We have a supplemented insurance policy and benefits, medical and dental plans. Basically we look after the interests of our horsemen.

**Mr Guzzo:** We've heard from the Ontario Harness Horse Association. It's unfortunate Mr Kormos isn't here. I've described the agreement that you negotiate with the track as a collective agreement because my socialist

friend understands that kind of language and he would then suggest that you're really the shop steward, and that's basically what your job is in terms of getting the best deal in those contracts for the people who put the show on. Correct?

**Mr Di Paola:** Absolutely.

**Mr Guzzo:** You mentioned the word "benevolence." I think you'd do yourself a favour if you'd just outline your business. We've known jockeys to lose their lives. We've known Mr Turcotte, for example, to end up in a wheelchair. Your organization is the source for support for those people who suffer the type of tragedy that Ron Turcotte did.

**Mr Di Paola:** We will support any of our members in any of their hardships, getting them over their hardships, whether it's drug problems or health problems. We have with our people — because of the income level, their families don't have enough money to bury them, in some cases, so we will put the moneys to bury people. From A to Z, whatever it takes. We have educational programs for them. John, do you want to answer that.

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**Mr Whaley:** Yes. We have employee assistance programs. Many of the employees who work on the track do not work for, of course, our organization. Our organization's made up, as Carmen said, of owners and trainers. The trainers generally employ these people. So we have made employee assistance programs and supplemental insurance benefits available to these people at subsidized rates.

We also have a fairly large incidence of alcohol abuse on the track, and we assist these people, the people who are employed back there, many of whom are not skilled and would not be employable in other industries but are very loyal employees in our industry.

**Mr Guzzo:** I thank you, and I have to tell you that throughout North America your organization is considered one of the exemplary operations. For that, the people of Ontario and this industry should be indebted to you, and I commend you for it. Thank you for coming today.

**Mr Crozier:** Welcome, gentlemen. Thank you as well for your presentation. There are only two areas that I want us to be able to discuss for a few minutes, and one is more of a comment than anything.

Of the number of presenters that we've had, it's interesting to me that you're the one industry that puts itself down. I think of the phrase, and it's been in a number of the presentations, "The industry employs a labour force which is generally classified as having low skill levels and can therefore offer employment to people who could be considered to be marginally employable in other businesses." It's too bad that you have to say that — albeit, frankly, I've never been to a thoroughbred track, although we had a standardbred track in my own community and we have a large facility in Windsor Raceway near my community. I find a number of people at those tracks, both in the parimutuel area and in the racing and the training area, to be highly intelligent people and I wish we could give them more credit than they're being given and that it's not an excuse for your industry to exist.

**Mr Di Paola:** If I may answer that, we have some horses that could be worth anywhere from \$3,200 to \$10 million to \$15 million, and I'll tell you that the job these people do is unbelievable. You would not want to have — the life and safety of these very expensive animals are at the disposal of these individuals, and they are very, very capable individuals. In training, when you have someone like D. Wayne Lukas, who used to be a basketball coach, go into training and is one of the best trainers in the world today — the calibre of people is unbelievable.

We're saying that these people, the aptitudes that they have, are not employable in a high-tech business per se, or office work. They're basically outside workers and for other businesses they might not be adapted to it, but for our business you couldn't find any better-skilled individuals and professionalism in these people. It's there. We're not trying to degrade our people. Our people are some of the finest in all of society, believe me.

**Mr Crozier:** I'm glad you took the opportunity to say that, because I frankly think in some cases the aptitude that's required for your business — well, you take the business that we're in. I haven't seen any list of aptitudes we have to have for it. Keep up the good work.

The other comment that was made too, and it's very definite, you said, "It is our view that we are better to have them on the tracks" — that is VLTs — "than competing with us elsewhere and it is hoped that they will earn us more revenue than will be lost through cannibalization."

It is the location of these video lottery terminals that I'd like to ask your opinion on. Are you saying they should be — and I realize where you're coming from — only located at racetracks?

**Mr Di Paola:** We're not saying that, but what we're saying is that if the racetracks were not to get video lottery terminals, the case in point of Manitoba and some of these other jurisdictions, our tracks would close. If they're coming into the province, I believe that one of the first places they should be is at the racetracks.

**Mr Crozier:** I'm reasonably sure they will be. Thank you, gentlemen.

**The Chair:** Gentlemen, thank you very much for your presentation on behalf of the association.

**Mr Di Paola:** Thank you very much for having us.

## CONCERNS, CANADA

**The Chair:** Our next presentation will be Concerns, Canada, Rev Karl Burden and Mr Keith Faraway. Welcome, gentlemen. All members of the committee should have received a handout with part of the presentation. I'd ask you to proceed.

**Rev Karl Burden:** Thank you very much. On behalf of Concerns, Canada we would like to thank you for this opportunity to give our response to Bill 75. First let me introduce our organization.

Concerns, Canada is the oldest not-for-profit organization dedicated to the prevention of addiction in Canada with roots going back into the mid-1800s. Our mission is to promote and encourage positive lifestyles free from dependence upon alcohol, tobacco and other



drugs. While our primary focus is the prevention of chemical addictions, we are nevertheless concerned with the growing problems of gambling addiction in this country. By 1993, the incidence of problem and pathological gambling in Ontario had grown to 8.6%, putting Ontario in first place in Canada. It goes without question that this number has grown even more with the introduction of casinos and the proliferation of other gambling opportunities over the last several years.

Although there are many similarities and crossovers between alcohol abuse and gambling, the differences are what make it a more difficult problem to treat. Gambling is a strictly psychological phenomenon that builds a fantasy life for the abuser who gets hooked on the belief that his or her problems will be solved by gambling. One of the major differences between gambling and substance abuse is that gambling can be hidden far longer. Gambling is not an addiction for which there is a breathalyser.

In its present form Bill 75 affects two areas of our organization's work: fund-raising and social action. After a careful review of the bill, we have two major concerns to present: the first is with the combination of the Liquor Licence Act and the Gaming Control Act and the Wine Content Act under one commission; the second is with the proposal to introduce VLTs into the already crowded gambling milieu.

With respect to combining the three acts into one, our concern is that two separate and distinct issues are being bundled together. The fact that ethyl alcohol consumption and gambling may take place in the same premises or that both may lead to addiction is, in our opinion, insufficient reason for monitoring them under one governing body. Ethyl alcohol involves health and safety issues, while gambling is a moral and financial concern. We believe it would be a major mistake to merge the boards which currently oversee ethyl alcohol issues with those monitoring gambling. The resulting mammoth organization would constitute far too much for one commission to handle, particularly given the present administration's difficulties in monitoring the distribution and sale of ethyl alcohol. The LLBO is severely underfunded and understaffed. It has far too few inspectors to efficiently monitor the thousands of restaurants, bars and other establishments which hold liquor licences, let alone ensure the enforcement of regulations pertaining to special-occasion permits.

Since we suspect the amalgamation of these acts is a prelude to the merging of the LLBO, the LCBO and the Ontario Gaming Commission, we wish to go on record as in opposition to such a merger. In making this objection, it should be noted that in earlier presentations to both the LCBO and the Ministry of Consumer and Commercial Relations, we had proposed the blending of the LLBO and the LCBO. There is logic for this amalgamation since both are concerned with the same product. The introduction of gambling creates a very broad and, in our opinion, unmanageable mandate and will prove to be ineffective in dealing with the key issues of ethyl alcohol and gambling.

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The other problem with Bill 75, from our perspective, is with the proposal to introduce VLTs into Ontario. Our

objection here comes from our long experience with addiction. To put it bluntly, we are deeply concerned that the government of Ontario would even entertain the idea of introducing VLTs, which are considered the cocaine of gambling, into an already overcrowded array of gambling opportunities that are available. We are particularly troubled by the suggestion that not-for-profit agencies should be implicated in this form of gambling by making them beneficiaries of moneys so raised. In our mind, this is akin to legalizing cocaine and then granting profits from the sale of this potent drug to organizations that benefit from addictions, for example, by creating job security for addiction counsellors.

Surely the standing committee on administration of justice is aware of the power of VLTs to addict users. VLTs marry the rush of old-fashioned one-armed bandits with the bells-and-whistles reinforcement of video arcades, making VLTs the cocaine of gambling. They are highly addictive because they provide an immediate rush which is similar to that experienced by cocaine addicts. An experienced player can complete a game cycle in as little as one and a half seconds. This gives them the rush of excitement and the feeling that they are constantly in action.

Ontario, I think, should learn from the experience of other provinces. A recent study of the effects of VLTs in Saskatchewan, for example, found that 77% of problem gamblers considered VLTs their favourite form of gambling, with casinos taking a distant third place. More gambling clients, that's 84%, played VLTs than participated in any other form of gambling in their 1994-95 study. What is most startling, however, is the amount of money lost in a single day by addicted gamblers. The average was just over \$1,000, with a few attaining losses as high as \$20,000. And remember, that's just one day's loss. These losses have significant impact for the health and wellbeing of society. One example would be a man in Pictou county who in 1992, in Nova Scotia, walked into a store and began smashing VLTs because he was at his wit's end with his wife's gambling that was devouring his family income.

Although the average age of gamblers in the Saskatchewan study was 38 years for men and 40 for women, 19% of those studied began their gambling careers before the age of 15 and 46% started gambling by age 19. Unfortunately, VLTs appeal disproportionately to young people and women.

Although Bill 75 proposes to restrict VLTs to adults 19 years and older, our province's experience with alcohol suggests that this may be extremely difficult, if not impossible, to enforce. Even if not directly involved, it is apparent that adolescents and children can be implicated in their parents' gambling, as has been demonstrated already at the Rama casino.

Wayne York of the department of health in Nova Scotia warns that computers and video games and arcades all promote an alignment with self and the machine that results in avoidance of socialization, leaving adolescents either devoid of social skills or having delayed development. In the case of VLTs, we would add perhaps devoid of their financial resources as well.

It's important to mention that in Alberta bar owners have been forced to increase security because of a rash of armed robberies attracted by the large amounts of cash that bars are required to keep on hand in order to pay out VLT winners.

As more and more people spend larger and larger amounts of their discretionary income on regular gambling, less discretionary money is available for donation to not-for-profit charities through the normal channels of fund-raising. This erosion of donations has been further complicated by the Ontario government's decision to allocate profits from specific lotteries and other types of gambling to charities. The result over time is that charities are becoming more dependent upon gambling revenue. This puts charities dedicated to improving the health and wellbeing of society in a position of abetting financial problems that can play havoc with individual and family life. As an organization which has been forced to accept revenues from break-open tickets because of a serious decline in our donor base, we know of what we speak and have struggled long and hard with this dilemma.

The Ontario government needs to realize that VLT revenues won't magically appear out of nowhere. The millions expected to be raised will result in losses in purchases of other goods and services in our economy. VLT profits will simply mean less to be raised through sales taxes and more paid out through welfare and social assistance. Isn't it time that we looked at the bigger picture and realized that when millions of dollars are being thrown away on gambling, which really creates few winners and many losers, our whole province will ultimately suffer negative consequences? Even if only 5% to 7% of the population become compulsive gamblers, this is an added burden on our economy since these are people at high risk to write bad cheques, embezzle money, declare bankruptcy and then clog up our court system, to say nothing about the suffering they may cause their own families.

To summarize, we object to the amalgamation of the lottery commission with the current boards governing ethyl alcohol because we fear that very quickly gambling issues will overload the new body, leaving ethyl alcohol control further eroded. If there is to be an amalgamation, we would suggest it be the combining of the LLBO with the LCBO.

Secondly, from the experience gained thus far with VLTs and other areas, it is obvious that this instant gambling will increase problem and pathological gambling, along with multitudes of social and family problems. As with substance abuse, it will be the Ontario taxpayer who foots much of the cost of rehabilitation.

Your committee is no doubt aware that the province of British Columbia, faced with a backlash from 40 communities when it proposed introducing VLTs in 1995, decided against them. Nova Scotia, aware of serious problems among many of its gamblers, shut down two thirds of the VLTs that were operating in 1992 and established the first treatment program for VLT addicts in Canada. Alberta, responding to its many problems, is attempting to limit the number of VLTs.

Although the possibility of the millions of dollars that the Ontario government hopes to realize from the introduction of VLTs is very attractive to a cash-strapped administration, it must be remembered that this revenue will significantly be offset by the high cost of picking up the pieces after families have been ruined financially, crime escalates and addicts are forced into long-term rehabilitation.

If VLTs are permitted in the province, at the very least they should be governed by the same strict rules and municipal involvement attributed to break-open tickets.

It is hoped, however, that Ontario will have the wisdom and foresight to call a halt to the escalation of gambling in this province by voting against the introduction of VLTs.

**The Chair:** Thank you, sir. We have three minutes per caucus. We have Mr Guzzo and Mr Young.

**Mr Guzzo:** Sir, I'm going to be very brief with regard to the issues here, and I guess it's a bad news-good news situation. I don't agree with you; I don't think we're going to introduce VLTs. I can take you to numerous spots within blocks of here, right now, tonight, where you can play them. The money goes to Buffalo, New York. In my own home town of Ottawa, I can take you to numerous spots where you can play them. We're not going to introduce them. The money there goes to Quebec; they're owned by Quebecers. Tonight, when the Jays are at home, there'll be more money bet with illegal bookies on the Jays game tonight than will be bet legally at Woodbine Racetrack on those nine races they're going to run tonight.

But that's not what I want to tell you. I want to tell you where I do agree with you, and I commend you, and it's very, very gratifying to see you here because I'm familiar with your program. I spent 11 years as a youth court judge, and I've dealt with some of the most tragic situations of youth. I'm familiar with the youth for youth, by youth program. That's your program, is it not? I can't remember the name of it.

**Mr Burden:** We have a PLUS program that's not quite the same but it's similar. We have a program for convicted impaired drivers, though, that you may be familiar with, called SIPIT.

**Mr Guzzo:** The youth program to which I've had a name that I can't —

**Mr Burden:** Toc Alpha.

**Mr Guzzo:** Yes. That's you.

**Mr Burden:** Yes, that's right.

**Mr Guzzo:** Sir, in my experience on the bench it was the most successful and finest program we had available for youngsters in trouble. I commend you for it and I'm very pleased to see you. Thank you.

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**Mr Young:** I have a question. These tickets, Lottario, keno, Super 7 and 6/49, are for sale in virtually every corner store in the province, and people buy millions and millions of dollars worth of them. We know people gamble in card games, and there are billions of dollars bet on football and baseball, and the sport the most money is bet on is basketball, I found out, because they play the most games throughout the year, and people gambling at offsite casinos; there are millions and



millions of dollars. I guess it's impossible to measure. They go to Atlantic City and Las Vegas etc.

We know that people want to play these games, that they want to gamble and that the noble experiment with alcohol, where 6% of the people have a problem, Prohibition, didn't work. There are 15,000 to 20,000 of these machines out there now, and I don't believe that prohibition will work with these machines. Doesn't it make sense to get control of them, get some revenue to the charities and get 2%, up to \$10 million, to help the 1% to 2% of people who have this problem?

**Mr Keith Farraway:** I'll take that up, Mr Young. First of all, prior to becoming involved with Concerns, Canada as a volunteer board member, I was a police officer for 34 years. I was a past chairman of the Ontario Association of Chiefs of Police organized crime committee.

You're quite correct when you talk about gambling being very lucrative. In fact, without gambling you would not have the old-style organized crime that we have today. I'm talking about — people don't like to say the word — the Mafia. The new organized crime people today are the outlaw motorcycle gangs that deal in drugs.

I've had some experience with gambling. I attended at course at the Quantico, Virginia, headquarter of the FBI on the topic of gambling, especially the cheating aspects. I've also been a member of the Law Enforcement Intelligence unit of the United States and I've attended at Atlantic City, where they predicted that organized crime would not be present, but it sure as heck is present. I've been to Reno for a conference with the same topic.

I'm not against gambling. I think if it's controlled as the act states it will be controlled, it will work. If you're going to go ahead, I would just say this: Every once in a while, stop and take a look at the red lights. Do it easy; do it in steps. Don't jump in there with thousands of video machines, because you may find you're going to have to find a very big storeroom to keep them in if the social impact is so great that it can't be handled by your social services. I don't know whether I answered your question or not.

**Mr Young:** Yes, you did. Thank you.

**Mr Crozier:** I'm sure glad that there are people like you in this province. One statement you made in your conclusion, that if VLTs are permitted in this province — and they are going to be, without any question — at the very least they should be governed by the same strict rules and municipal involvement attributed to break-open tickets, and I agree with you there.

I'd like to ask you what the difference is, because I have my own opinion, between a problem gambler and a pathological gambler.

**Mr Burden:** I think the answer to that would be similar to the answer if you had asked about alcohol: There is no one point at which you pass over the limit. I think it's a matter of some opinion and it depends upon the consequences of the individual's gambling as to how seriously it is affecting the lifestyle.

I imagine that if you had three or four people involved in the counselling of these people, they would all say an individual passed over that point, from problem gambling into compulsive gambling, at slightly different points,

because it's really a guess. We do know, though, that problem gambling and moving on into more serious pathological gambling have tremendous effects on the individual. A pathological gambler in the extreme is a person who lives, breathes and exists for the sake of gambling and believes that all the problems they're going to have will be solved simply through the next win. It doesn't matter how many losses they've had before; the next time they crank that lever or whatever it is, they're going to win and they're going to win big. The impact of that on the individual, from a financial and from a psychological point, is horrendous over time.

I have talked to many people who are directly involved in counselling, and they indicate that it's very difficult sometimes to get a pathological gambler back on the straight and narrow path after he's had the problem.

**Mr Kormos:** You may know that I endorse the position you come here with. The argument that prohibition won't work, I appreciate that. In gambling there are biblical references to gaming and gaming activity. I reflect on my lifetime. I grew up in the 1950s, a working-class family, where a bottle of Seagram's VO probably lasted two and three years and where gaming consisted of an oh-so-illicit Irish Sweepstakes ticket and all the thrill and mystery associated with it. Perhaps part of the problem is what we've done. You see, all this illicit gambling has always taken place but you had to seek it out; you had to be part of that subculture; you had to know where it was going on. Most people didn't want to go to where it was going on and participate in it.

I think we have a chance now as a Parliament to reflect on the fact that what began as a relatively benign lottery promotion by the province — how long ago was that, 20 years now? — has flourished to the point where we see the glossy ads and the illusion, the language that's used in OLC's ads, "Win freedom," the red Ferrari, the attractive mate, the whole nine yards.

I spoke today — because we've been referring to his work from time to time — with Professor Derevensky from McGill University; I spoke today with Professor Frisch from the University of Windsor because we had been referring to his research. Both of them confirmed what I think some of us had reached after reading a whole lot of the studies, that we're in interesting and strange times in our social development. Both of these, along with other researchers, anticipate that we are at a cusp, because we've got a generation of young people who display a potential for addictiveness to gambling that their parents and no generation prior to them ever did.

I hope you're wrong. I hope that five years from now I can reflect on this and say, "Boy, these guys were wrong"; I hope that I can reflect five years from now and say, "I was never so out of touch before in my life." But the data are there. I understand that this is so high-risk because we've got this generation of people nurtured on video games and electronics, growing up in difficult economic and social conditions, and the slot — don't tell me that somebody wasn't sitting there with all the skills to know how — is designed to say, "Walk this way."

One newspaper reporter today in the St Catharines Standard called VLTs "vulgar little thieves." Interesting.

Again, God bless. Good luck.

**Mr Burden:** May I just make one comment? I can't let the statement go by that Prohibition didn't work, because it depends on what you're looking for in terms of working. If you're looking at the incidence of addiction, it probably did work. Sure, there was crime and so on, but I think most of that was south of the border. I don't think you can honestly say, if you look at the stats in terms of whether or not people were addicted, that it didn't work. We're not suggesting that we go back to those days — we can't — but it isn't correct to simply say it didn't work.

**The Chair:** Thank you very much, Rev Burden and Mr Faraway, for your very thoughtful presentation.

#### NATIONAL BROADCAST READING SERVICE

**The Chair:** Our next presentation is the National Broadcast Reading Service, Bob Trimbee, executive director. Good afternoon. I see you have someone accompanying you. Perhaps you could identify that person for the purposes of Hansard.

**Mr Bob Trimbee:** Good afternoon. My name is Bob Trimbee. I am the executive director of the National Broadcast Reading Service. We are a national organization with head offices at Toronto dedicated to making visual media more accessible to blind, low-vision, senior and print-restricted Canadians.

With me today is Heather Lusignan, director of VoicePrint. It operates a free, around-the-clock audio news and information network. The network is licensed by the CRTC and is available throughout Ontario, in the main through cable television. VoicePrint programming is based on volunteer readings of full-text news and features published by Canadian daily and community newspapers, magazines and specialty periodicals. Though VoicePrint has been in operation for less than six years, it now is the largest national reading service in the world. As described in our written submission, we have two other divisions: AudioVision Canada and AlternateMedia Canada.

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Our interest in charitable gaming flows from the fact that it is one of several fund-raising initiatives by VoicePrint. We are involved in third-party sales of VLTs and have staged a number of three-day casino charities. Our net income from charitable gaming represents about 10% of our operating budget. Specifically, we hope to generate sufficient income from charitable gaming to allow us to expand the local news component of our Ontario service, especially in northern Ontario.

While we are a national organization, we really are a small charity even by provincial standards. There are many charities involved in Ontario gaming whose take from charitable gaming in dollar value is more than four or five times the combined size of the operating budgets of our three divisions.

We receive no operational funds from any level of government. We would not refuse it if it came our way, but we do not go out and seek it. We believe that to the greatest degree possible, charities should earn the bulk of their income. That is one of the great attractions of charitable gaming to us. Government has provided us with an opportunity to raise the money we need, but we

have to work to get it. The recommendations in our written brief reflect that view.

They also address another salient factor tied to gaming: Just as large corporations tend to dominate various fields of business, large charities tend to dominate charitable gaming. In principle, that is not a concern so long as the regulatory regime does not ensure this domination in a systemic way. For example, it's unlikely that a small, anonymous charity would be able to stage a mega-lottery such as the current Mount Sinai lottery and the recent Sick Children's hospital lottery. As well, larger charities tend to have greater political and business clout. Either inadvertently or overtly, this power base can produce regulatory benefits which tend to entrench this power base through opportunities and awareness not available generally to all charities at the same time.

I am uncertain whether other delegations follow us today, but if we are the last, and I now see we are not, we hope what we have provided today will help you finish your hearings in a positive and upbeat fashion. If it is your wish, we are available to answer any questions you may have. If there are none, we thank you once again for this opportunity to be part of this process.

**The Chair:** Thank you very much, sir. I use your service when I'm watching my video terminal, being the stock market quotations. I also listen to your very worthwhile service. We have quite a bit of time, and I'm sure there'll be a number of questions.

**Mr Crozier:** I don't have any. I want the opportunity to read this. I listened carefully to what you said. Excuse me, I shouldn't say I don't have any. I can't let that go by. In point 2.5 on page 5 of your document you say, "It is not our view that the introduction of video lotteries should be delayed until completion of a comprehensive review of gaming," yet you're concerned about the effect video lottery terminals will have on your ability to fund-raise. Can you help me to understand that when I get it in context?

**Mr Trimbee:** In our written brief we have said that there are a lot of questions on both sides, either that it's not going to be harmful or that it's going to be the end of charitable gaming, but it's all subjective. There is no really positive evidence one way or another. Our view is that there needs to be a general study of gaming, especially charitable gaming, and how it operates. Because it's going to be in a restricted way, ie, racetracks and perhaps permanent casino sites, it will be fairly well under control. That can be timely to say, "Okay, what is happening?" and if there is a problem that has to be resolved, it has not gotten out of hand; in other words, the fire hasn't gotten so big that you're never going to put it out until it burns itself out.

**Mr Crozier:** If I understand and you would concur, there's quite a significant lobby that has said in the hotel-restaurant-bar industry, and I will paraphrase, "Introduce VLTs beyond the first step as quickly as possible." To me there's a tone of urgency, and I think legitimately. As far as their business experience is concerned, there is a tone of urgency. But what you're saying is, "Introduce them in racetracks and permanent charitable casinos and don't rush into anything beyond that, but take some time." Is that correct?



**Mr Trimbee:** That's basically correct. Our view is that when you go to a racetrack, when you go to a charity casino, when you go to a restaurant, when you go to a bar, you're going there for a specific purpose. When you go to one of those establishments and there is a video lottery terminal, that's not the reason you go there; you go there for another reason. It's a very subconscious pressure that leads you into that gambling.

We don't know the effect of that. I'm not a sociologist and I'm not going to pretend I have all the definitive answers. All I'm saying is that there is a good time to take a look and ask: "How did it affect parimutuel betting? How did it affect the take at permanent casinos?" At that point we have some real, empirical evidence that says, "Here is what happens," and you can extrapolate what would happen if it was extended throughout the province in other areas outside those jurisdictions.

**Mr Kormos:** Your concerns are raised obviously by you here and now, and have been over the course of these hearings, and indeed were anticipated when the minister, in making this announcement, indicated that \$180 million is going to be available to charitable organizations.

I'm from Welland-Thorold. When the Thorold Community Activities Group held its Monte Carlo nights, part of the work of organizing it would be to get on the phone, on your telephone tree, and get people out there for that Friday night or Saturday night. The supporters of the Thorold Community Activities Group went there expecting to lose money, wanting to lose money, because they knew it was a fund-raiser for that group. There's an example of a very regionalized group, the Thorold community activities group. They don't have a parent organization; their work is restricted to that one small community.

We heard from B'nai Brith here in Toronto, which spoke about being attracted to a model that was based on historical precedent. In other words, if they were able to raise \$1 million a year — they didn't give us numbers — in the previous year before slots, they should get the same proportionate amount of global money out of the overall slots revenue. Then you have folks up in Thunder Bay who may well say, "If it's Thunder Bay people blowing their money on the slots, why shouldn't the proceeds that are coming from Thunder Bay go to Thunder Bay organizations?"

We haven't had access to any model that's been anticipated by the government for the distribution of these moneys. You've got organizations that are local only, unique to one region; organizations that are local with a parent organization like Kiwanis, Lions, what have you; organizations like yours that service a community which may even well go beyond the border in theory, such that people are availing themselves of your services who aren't necessarily Ontarians. In anticipation of drafting amendments to try to give some structure to this thought about the creation of a board of charities to help set up the model — but then of course not all charities are going to have access to the board and there are going to be players who are left out — have you got any ideas for the type of model the government should be looking at?

**Mr Trimbee:** If I had the answer, I would be making a lot of money from government right now.

**Mr Kormos:** Well, they don't have.

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**Mr Trimbee:** I would say this: In our recommendations, what we have suggested, which probably will make some charities blanch, is that all the revenue from VLTs — all of it — should be poured back into the provincial government. None of it, other than the sales fee that a local sales agent would get, would go to the operator; the rest would come into a pool. At that point, we also believe there is a need in the legislation to decide what's a charity, what's a charitable activity. Those are very important. At that point you know who is going to benefit from whatever amount of the proceeds the government determines should be allocated to charitable activities.

Beyond that, as to what they should get, personally and in our organization there is the strong feeling that charities per se should not be allowed to generate more than a percentage of their income, and something sharply less than half, from charitable gaming. We think that to do otherwise is no different than in years past when things weren't quite so tough economically; you just relied on the government and the government would provide everything. We think that's not the way to make sure that charity and the service the charity provides have any stability or long-term viability. There has to be some onus on the charity to find revenue other than through something that they don't physically go out and earn.

But how much should go to each? First of all, you have audited statements that say how much you raise yourself. There is an obvious opportunity for government to take a look at this and say: "If the percentage is now going to be a maximum of this, these are the dollars we've got. We've got this many charities that are eligible. Here's how we'll do it in a very simplified way."

**Mr Flaherty:** You just touched on that point. I was reading through it fairly quickly; I'll read it more thoroughly later. I noticed the point at the top of page 8, "A charity would be eligible to receive funds generated by video lotteries only if its income during the preceding year from all forms of charitable gaming did not exceed 30% of its gross revenues as recorded in its audited financial statements." I understand the point of not wanting charities to become dependent on government for their funding. Is there any magic to the 30%?

**Mr Trimbee:** No, I had to pick something. The point I'm making is that something sharply less than half of your revenue should be generated by charitable gaming. We picked that number, but that's just to give us some sort of a guideline. That's not a magic number.

**Mr Flaherty:** This really goes to implementation rather than the enabling legislation, but do you have any idea how many of the charities in Ontario would qualify if you had that 30% requirement or something along those lines?

**Mr Trimbee:** No. As I say, I have our definition of what we consider to be a charity, but I certainly have to recognize that in Ontario charitable gaming today there are many organizations that we would consider, for example, not-for-profit, that would be to, say, raise

money to send the Peewee hockey team over to Scandinavia for a tournament. In one sense, to us, that's not a charitable service, but it depends on what definition the government of the day wishes to attach to that.

That's why I say it's very important, first of all, to come up with all the guidelines. Then, once we've got the framework, we can take a look at what should be done in terms of distribution of the funds that are raised. To try and solve the distribution problem before you know what you're standing on I don't think makes a heck of a lot of sense.

**Mr Flaherty:** A number of the items that are in your list of recommendations relate to the implementation stage. The government is committed to further consultations about implementation matters, and I'll certainly make sure this is passed along. I look forward to your organization participating in those further discussions.

**Mr Trimbee:** I'll be very frank with you: The fact that this hearing was held gave us an opportunity to touch on a number of things that affect charitable gaming, not just the introduction of the bill. That's one of the reasons why we stepped forward to take advantage of that opportunity.

**Mr Flaherty:** We appreciate it. Thank you very much for your help.

**The Chair:** Thank you, Mr Trimbee. We've been having these hearings for a little while and you've raised some interesting points for the committee to consider.

#### ASSOCIATION FOR THE NEUROLOGICALLY DISABLED OF CANADA

**The Chair:** Our next presentation is from the Association for the Neurologically Disabled of Canada, the executive director, Ms Kathleen Haswell.

**Mr Kormos:** Chair, if I may, I did note that the Association for the Neological of Canada was scheduled. I was looking forward to their presentation because the neurological society, as one which is committed to neologisms — and of course the Chair knows what a neologism is — undoubtedly would have explained to us the neologism, Orwellian as it is, of video lottery terminals from mere slot machines. A video lottery terminal is in fact a neologism, but none the less —

**The Chair:** Thank you, Mr Kormos. The first question I was going to ask was, as a matter of fact, what is it? I'm too old to hesitate in asking stupid questions.

Welcome. I'd ask you to proceed with your presentation.

**Mr Flaherty:** Chair, what is the correct name of the association?

**The Chair:** The Association for the Neurologically Disabled of Canada.

**Mrs Kathleen Haswell:** Thank you, Mr Chairman. The Association for the Neurologically Disabled of Canada and approximately 25 smaller charities that are operating Nevada ticket sales through municipal or provincial licences wish to thank you for allowing us the opportunity to speak regarding the implementation of Bill 75. All the charities I represent are also conducting bingo venues in their local areas.

AND is a national, registered charitable association that has been operating in Ontario since 1983. We provide in-home therapy programs for individuals who are brain-injured, family support programs and community workshops. AND offers a substantial subsidy for families who cannot afford the expenses of a daily therapy program. We treat children and adults who have a neurological disability through brain injuries at birth or are head-injured later in life.

The Association for the Neurologically Disabled of Canada and the other smaller associations have not received any information from the government about the impact video lottery terminals may have on our existing funding. The introduction of this legislation is also void of any provincial policy or gaming strategy. Charities First has shared with us its report on VLTs and its recommendation for further studies. We need to know what ramifications the introduction of VLTs will have on existing gaming.

Our associations are relieved that the government will be introducing VLTs in a controlled fashion. We wish to express our appreciation for the commitment to help charities through revenues generated. However, bingo revenues for most of our associations have been sliding to 30% to 40% of income generated in 1993. Over the past three years, Nevada ticket sales have allowed us to maintain our fund-raising projections and we have been able to continue to offer our quality programs to the communities in Ontario. If VLTs have a negative impact on Nevada ticket sales, which is what we have heard has happened in other provinces, then this will mean another avenue of potential funding will dry up and we will be faced with cutting our programs to the community.

Our association and many charities do not rely on any government funding to sustain their programs. We are not looking for handouts and we would appreciate some consideration when you do introduce another gaming opportunity that has the potential to take funds away from us.

We respectfully recommend the following:

(1) That after the implementation of stage 1, the government undertake a study of the impact of VLTs on bingos and Nevada ticket sales before stage 2 is introduced.

(2) That this report be shared with all charities and non-profits that currently are operating bingos or Nevada ticket sales.

(3) That the government establish criteria for distribution of VLT revenues to charities that is fair and equitable.

(4) That the committee recommend to the government that charities that can document losses of Nevada ticket income after the introduction of VLTs be given priority status with their application for VLT disbursements to charities.

As with the government of Ontario, this is a very difficult period for charities that rely on their wits and building their expertise in fund-raising to help the disadvantaged, the disabled and vulnerable Ontarians through charitable purposes.

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If you introduce legislation that may have a negative impact on the services we currently provide to our



communities, then at least help us to maintain our programs through opening up the other avenue of allocation of gaming revenues for charities.

**The Chair:** Thank you very much. Mr Kormos.

**Mr Kormos:** Thank you, ma'am, again. You heard the previous comments by the previous group, and this has been problematic. Again, I think all of us support the proposition of intensive scrutiny of the impact of the slots on fund-raising. It was presented to us by a Mr Pollock, who used to be with the Ontario Lottery Corp and is now heading a consortium that wants a piece of this in terms of a privatized operation of it, that in Alberta the dropoff in sales and break-opens couldn't be attributed to the slots because the dropoff had begun prior to the implementation of the slots. This morning in a conversation with some of the Alberta officials they tended to confirm that same thing, although not being able to indicate whether the continued dropoff was just part of — again, no real handle on it. One can only respond instinctively and say a buck is a buck, and if it's being spent on a slot it's not necessarily buying a Nevada.

Getting down again to the models of distribution — because again there are things like snowmobile clubs, and the previous presenters spoke about what might be in the grey areas of charitable organizations. Snowmobile clubs don't do the same work you do, yet down where I come from, and I suspect in other people's communities, they're as much a part of the community and the volunteer component of the community as any other.

I appreciate the need for scrutiny of what's happening here and I think that's incredibly important. I'm confident there are going to be amendments produced making it legislatively necessary. But how do you go about designing a model? This could become like applying to the OLC, the Ontario Lottery Corp, or the trillium fund for funding, and that's nuts. How do you build a model that's accessible to the little organizations and the big ones?

**Mrs Haswell:** I can only speak for my experience and our association, but certainly getting registered charitable status is not easy, and most sports clubs and your snowmobile club would not be able to get it because you're issuing income tax receipts for charitable donations and therefore there's a much higher scrutiny level. So it might be that the government may wish to look at that as an area of scrutiny.

As far as the dropoff is concerned, and I can only speak for our association, but in the last three years, as bingo revenues have dropped off, we have built increased revenues from Nevada ticket sales. We've exerted quite a lot of energy and changed our whole bookkeeping system and bought a new computer accounting system just so that we would report effectively to the government, and all that work and groundwork in building that up. Consequently in the last three years our income has increased with Nevada ticket sales. So if there was a dropoff, then we would definitely attribute it to VLTs.

**Mr Kormos:** We're covered on this one.

**Mrs Haswell:** Yes.

**Mr Kormos:** This isn't going to be Alberta.

**Mr Flaherty:** Thank you for coming and making the presentation this afternoon. I realize the important work

that your association does for brain-injured persons, who certainly need the financial support.

With respect to the ramifications of the introduction of video lotteries, one of the realities is that there's a substantial amount of illegal video lottery activity in the province of Ontario today. So accurately, I suppose, the government, through Bill 75, is not introducing video lotteries but rather legalizing an existing situation where we have by estimate 15,000 to 25,000 illegal machines, which at the present time aren't benefiting the people of Ontario, through the government, and they're not benefiting the charities of Ontario either.

I take your advice about going slowly and monitoring carefully and being analytical in the process. I heard Mr Kormos's comments about what we heard this morning from some of the other provinces and the information we have from them, and certainly our government wants to learn from the positive and some of the negative experiences that other jurisdictions in Canada have had. We're not proposing what happened in some other jurisdictions where these machines were introduced in corner stores, for example, which is not the government's plan here.

There will be further consultations with respect to the implementation of video lotteries in the province, and I hope that your organization will participate in those.

From a statistical-analytical point of view, it looks like, based on the limited experience we have in Ontario at Windsor, after a reasonable period of time, a year or so after the casino had opened, the bingo facilities and charity associations bounced back, not to what exactly they were before, but they did bounce back revenue-wise. Again, we're dealing with a theory about different clientele and different locations, and I'm not all that comfortable with limited studies, and I think I accept your advice that we have to be careful and monitor this situation on a phased basis carefully as we go through it, and I thank you for bringing that message to us.

**Mrs Haswell:** Mr Chairman, I would like to just make another comment. I was in Regina this weekend, and in the hotel there was a card there that gave you information about their Regina casino. I would like to say I'm a person who's never ever been in a casino, so I really don't know what they're like, but I was really interested to read that there were 40 tables and 500 VLTs there. This sort of gave me a little bit of a grasp of when you're introducing VLTs. As somebody who is inexperienced in this area, I imagined five or 10 machines, and there is Regina apparently.

In the local Regina paper for the weekend — in fact I brought you a copy of it — there is quite a discussion in the newspapers about the income that was projected to be generated from the casino was \$8 million to \$10 million and the realization at the end of the year totalled \$3.8 million, and there was \$37 million in expenditures to get it open. It just might give you an idea. I don't know how many you're suggesting opening in a year, but it might just give you an idea of one, what to expect for revenue.

**The Chair:** Thank you for bringing that to our attention. We've heard from three provinces this morning — actually seven, but we did not hear from Saskatchewan.

**Mr Crozier:** Just to respond a bit to what was said about illegal video lottery terminals, we would all wish

that the illegal gambling in this province were all brought under strict regulation and control, and I suggest if it were and the government got its share, that we might virtually eliminate tax, but that's not going to happen. The legalization of VLTs in the province of Ontario is not going to eliminate the illegal VLTs, because right now those who have been operating outside the law are no more or no less afraid of the law than they were before, and they're going to continue to exist because they don't have to share any of those revenues with the government or charity or anyone else. So if that were the only reason to introduce these VLTs, I would support it wholeheartedly, if it were going to get rid of all the illegal stuff.

You have made a couple of good points. One is that the government should certainly not proceed in any event, but certainly not beyond very strictly controlled areas, without sufficient study, and they have none. The government of the province of Ontario has not submitted one piece of evidence as to how VLTs are going to affect charitable gaming in this province. You not only don't have it; we don't have it.

I'm certainly in favour of strategic planning, because that's the only way that I think you can reasonably project and be prepared for the future.

I think those points that you've made are certainly well taken. My gut feeling is, Mrs Haswell, that when it comes down to dividing the spoils, your organization is going to have to fight tooth and nail with some who are much, much larger than you. Certainly I, as well as you and others, hope that this will all be done equitably and fairly, but my gut feeling is that it's going to be a struggle and that we certainly should watch to see that smaller organizations, if I could compare you to some of the giant ones, fare well in this. So thanks for your presence here and your presentation.

**The Chair:** Mrs Haswell, I thank you for attending and your presentation here today.

The plane, by the way, leaves at 8:50 am tomorrow morning at Pearson International for those who are flying. The hearing is adjourned to 11 am at the Holiday Inn east meeting room in Sarnia.

*The committee adjourned at 1712.*



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Mr David Ramsay (Timiskaming L)  
Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Mike Colle (Oakwood L) for Mr Conway  
Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
Mr Harry Danford (Hastings-Peterborough PC) for Mr Doyle  
Mr Peter Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton  
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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 15 August 1996

# Journal des débats (Hansard)

Jeudi 15 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public





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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Thursday 15 August 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Jeudi 15 août 1996

*The committee met at 1100 in the Holiday Inn, Sarnia.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996  
LOI DE 1996 RÉGISSANT LES ALCOOLS,  
LES JEUX ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** Good morning, members of the committee and ladies and gentlemen. This is a continuation of the hearings of the administration of justice committee consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming. We are pleased indeed to be in the beautiful city of Sarnia.

**Mr Bruce Crozier (Essex South):** You're in Point Edward.

**The Chair:** I'm sorry, Point Edward. It's a suburb of Sarnia. We have that problem in Cambridge because Cambridge is made up of three municipalities and we still refer to them as separate municipalities, so I understand that.

This act, if I may summarize it for the members of the audience not totally familiar with it, has two basic thrusts. One, it amalgamates the regulatory functions of the Liquor Licence Board of Ontario and the Gaming Control Commission into one commission so that all of the regulation is done at one place and enforced from one commission. The second thing it does is it introduces for the first time into Ontario legalized video lottery terminals. The policy statement made by the Minister of Finance suggests that if in fact the Legislature approves this legislation, then the video lottery terminals would be introduced into racetracks and permanent charity casino sites in the first phase and in the second phase it would be introduced into liquor-licensed premises in various municipalities. I won't spend any more time on that.

Each presenter this morning will have 20 minutes which includes any questions, so if you could leave some time for questions for the members of the committee, I'm

sure they will appreciate it. To my right are the government members, members of the Progressive Conservative Party in government, and to my left are members of the loyal opposition, the Liberal Party, and the third party, the NDP.

## NEVADA PEOPLE MANAGEMENT SERVICES

**The Chair:** I understand our first presenter is the Nevada People Management Services, Mr Jim Landles, gaming assistant. Is that yourself, sir?

**Mr Jim Landles:** That's myself.

**The Chair:** Welcome. I'd ask you to proceed.

**Mr Landles:** I would first like to thank the standing committee on justice for the invitation to voice my concerns on Bill 75. As I said, my name is Jim Landles. I work as a gaming assistant for Nevada People Management Services and as such I deal with the small charities on a monthly basis. We set up and manage Nevada break-open ticket lotteries for these charities and non-profit organizations. The proposed video lottery terminals will certainly affect our business, but that's not the primary reason that drove me to be here today. There are really two reasons, and this is a fairly brief presentation. I'm against Bill 75, and based on experience and proven facts, I felt a personal need to impart these reasons to the committee.

The first weakness in Bill 75 is the inherent weakness of all government-run enterprises. I worked for seven years with the Canadian Federation of Independent Business, and I'm sure all the MPPs are aware of that organization. The horror stories I heard in that organization of waste and inefficiency could easily fill the next eight hours. It's common knowledge that the government sets a much poorer standard for itself than it sets for everyone else. The Ontario Lottery Corp is one of these agencies, and passing a bill that would give it more money to control I feel would be a grievous mistake.

The Ontario Lottery Corp financial report for 1995 shows that after 20 years with all its huge prizes and massive advertising, its total sales revenue for all games including Lotto 6/49, which really is a licence to print money, is \$1.9 billion. Incredibly, the Ontario charities, after only eight years at it and no advertising at all, selling a 50-cent break-open ticket that's half the price of the lowest-priced lottery ticket of the corporation, had \$1.3 billion in sales. In other words, they sold \$1.3 billion of break-open tickets on impulse, with no advertising. I think that says that the private sector seems to do a much better job than the Ontario Lottery Corp.

You only have to look at their annual report to see that their overhead has reached a point that no private sector



business would tolerate, and yet this government department supplies coffee for all their staff at their head office, a bill that totals \$38,000 a year. When questioned on this, they were told that the staff doesn't take coffee breaks. If you phone the lottery corporation and try to reach anybody during the mid-afternoon or mid-morning, they're not at their desks. I just find this unbelievable. There's no large corporation that pays its staff's coffee bill.

Bill 75 will result in taking money from charities and giving it to an inefficient corporation whose return on investment is questionable. The Ontario Trillium Foundation was formed to disburse the money that has been earned by the lottery corporation to the charities it considers most deserving. According to figures given to me by Charities First Ontario, the overhead of this foundation is at present 10% of the money it allocates, which I find to be astounding.

The next point is the gaming commission admits that it has nowhere near enough gaming inspectors or enforcement people to enforce the present sites that come under its control. How will they enforce the additional sites created by the VLTs?

I understand that yourself, you're talking about combining the liquor control board and the gaming commission, but they're both so drastically understaffed, even if you combine them both together, I honestly don't feel they can do the job policing the sites. I go into Nevada sites all the time, and I would say approximately 35% of the sites don't meet the standards of the gaming commission. Our sites do. Every one of my sites does. I don't have a problem if the gaming commission comes in, and it's not a hard job to do. It's just sloppiness and it's just not caring. But the gaming commission certainly needs to up their monitoring of these sites.

My second area of concern with Bill 75 is the effect it will have in the licensed establishments on charity fund-raising, the small charities. The large charities will certainly suffer, but the small local groups will be devastated. I'm talking about the people who give so much of their time, people that I meet on a monthly basis, a tobacco farmer who runs the Delhi district minor hockey, the bank loans manager who raises funds for the Norwich basketball association, the accountant who is president of Burford minor soccer and the grocery store cashier who's secretary-treasurer and fund-raiser for Simcoe junior baseball. These people volunteer their services because it makes them feel like they're accomplishing something positive for the youth of their community. If the funding for these groups starts to drop every year because of Bill 75, how many of these volunteers will stay on? Who wants to volunteer for something that makes them feel like failures? If we volunteer, it's because we want to feel good about what we're doing.

I remember when the Wintario grants went to build hundreds of community centres and arenas in the small communities. They would not have had these otherwise. But the cost of running these centres is going up all the time and youth sports are finding it harder and harder to afford to rent these facilities. Many of the volunteers I speak with say that break-open tickets are the first all-

year-round funding they've had, and it's resulted in them being able to budget and plan ahead effectively.

Remember that these are the grass roots of the charities. You can't compare them to the Ontario Lottery Corp, for their salaries are zero and their overhead is postage stamps and photocopies, and 100% of their money goes right where it's supposed to, to the kids.

I am not naïve. Clearly we will not stop the VLTs from coming into Ontario. The government has made a decision, and there is no indication that there will be any hope of reversing it at this time, and given the majority this government enjoys, this bill will pass. I can only hope that you'll revise phase 3 of this bill in putting the VLTs into the liquor establishments, because that's the real dangerous phase.

I'd like to just put an addendum to this. I want you to understand. I had quite a condemnation of government there. It was the government infrastructure I was condemning; it was nothing political or it was not individual parties or individual people. In fact, I'm a huge Mike Harris fan, and I agree with everything he's done so far except this.

I'd like to state also that working for a lobby group, I understand that a lot of people think the MPPs are overpaid and underworked. I know it's exactly the opposite. The good ones who get re-elected work their hearts out, and I know the hours they work. So I'd like to thank you very much for this time.

**The Chair:** Thank you, sir. We have a little over two minutes per caucus.

1110

**Mr Jim Flaherty (Durham Centre):** Thank you, sir, for your presentation this morning. It's good to be in southwestern Ontario. This is our only visit to southwestern Ontario during these committee hearings, so we're looking forward on the government side, and I know on the opposition side, to hearing from the presenters here today.

I was pleased that you mentioned the Canadian Federation of Independent Business. Speaking for myself, I'm very fond of that organization and was a member in my private business life before politics.

Let me, if I may, just tell you where the government's coming from on this, on Bill 75.

One of the ideas that's important is to put alcohol and gaming under one regulatory body. The reason for that is self-evident, that to some extent gaming is entering into licensed premises, premises that serve alcohol, and it would be a duplication of services, and inefficient, to have double regulation, two regulatory agencies in that area.

With respect to the introduction of video lotteries, the government accepts that the majority of the people in the province of Ontario, the vast majority, are intelligent, reasonable, moderate people and they act that way when they use video lottery machines. We know that in the eight provinces in Canada that have video lotteries the average person plays once or twice a week for 30 minutes at a time and spends about \$10 each time and, perhaps more importantly, sticks to a predetermined budget. So the alarmists, the people who would make outrageous statements about people not being able to

handle this sort of enterprise, this sort of gaming — it's just not accurate in terms of maritime Canada, of Quebec, of Alberta, Saskatchewan and the other provinces that have adopted video lotteries.

The government's approach is to take a controlled, cautious, phased approach, first of all, to introduce video lotteries in racetracks and permanent charity gaming halls, because we have a real regulatory problem with these roving casinos, trying to regulate them, because they're moving all the time, and then review it and look at licensed premises. Licensed premises only permit the machines to be in areas where persons under the age of 19 do not have access.

Enforcement: With the new agency, the new Alcohol and Gaming Commission of Ontario, together they will have in excess of 100 inspectors. The some 30-odd inspectors now with the LLBO do more than 7,000 spot checks a year; almost half the licensed premises in Ontario are spot-checked right now by the LLBO. As I say, together they'll have more than 100 inspectors and, perhaps most importantly, the operator of a licensed premise who dared to breach what would be the law — that is, that no one under the age of 19 would be allowed even in the area of the video lotteries, much less playing them — would be in danger not only of losing their licence to have the video lottery machine but losing their licence to have a business, that is, their liquor licence, from that same inspector.

By way of introduction, that is the general approach that the government has taken. There is also a five-year review provision. We are also limiting the number of video lottery machines to 20,000, including the licensed premises, which would give us the lowest number of video lotteries in Canada of any jurisdiction, of any of the nine provinces then who would have them, on a per capita basis.

**The Chair:** Thank you, Mr Flaherty. We'll move on to the opposition.

**Mr Gerard Kennedy (York South):** Your presentation, I think, needs to be responded to in terms of the points you raised directly. The government position that hasn't been revealed by Mr Flaherty is simply to take money. This is about a big grab by the government for money. The government will not reveal how much money it plans to make off this. We see, however, in the budget documents that 10% for charity means a \$1.8-billion eventual take in order to support that kind of thing. But what people need to hear clearly from people associated with the charitable gaming aspect in this province is why so many of those charities are concerned about losing their monetary base. In other words, this bill is named "getting moneys for charity." It doesn't say, "This is a government that can't add and needs to take money."

One interesting point is that Mr Harris is against himself on this one, so you don't need to feel bad about your support for him, because a year ago he was saying this was something he wouldn't do, and now he is. So you don't need to feel that it's completely inconsistent except that this government is so badly off in terms of its projections. On the charitable impact, this bill speaks about generating new money for charities and yet it would take away the money that's coming from the

break-open tickets. If you can establish it, that's clearly your position and how much would be lost; secondly, what the impact will be of governmentalizing what used to be fundamentally a private activity in the sense of the amount of money, and now what this does to the charities. Because I can assure you that, from someone who's been involved in the operation of charities, without either government funds or gaming revenues, charities will start to look interested in this source of revenue that wasn't there before and there will be smaller slices of the pie all around.

I'm wondering if you could establish exactly what you see as the impact on the charitable sector that is depending on gaming right now.

**Mr Landles:** The larger charities certainly have a lot of options. The ones that concern me, as I said, are the small ones. I deal with them on a monthly basis. These small sports organizations are mostly youth sports and the local Optimist Club and people like this. Before, they were depending on many community fund-raisers, they were depending on draws and there was never any source of regular income. They're the ones that are going to be the most hurt, because I don't really think the money's going to trickle down that far. That's going to be the basic problem. That's the major fear I have. Because of the huge infrastructure of government, I think the little people — and these are the grass-roots charities — are going to be ignored, are going to be left out.

**Mr Kennedy:** What's the percentage that the charities get of the break-open tickets that your business helps to supply and support?

**Mr Landles:** Everything's licensed by the gaming commission, what we can spend and what we can take. The percentage I'm not sure of, but the amount varies per box. The boxes bring in \$1,084, each box that's sold; it's over 2,000 tickets. After all expenses, the charities make anywhere from \$124 to \$144 a box. It varies, because the licensing fee in each individual community varies from \$1 to \$24 a box. The thing I see is that we do all the work. The cities like London take \$24 out of every box and our total management fee is \$40.

**Mr Peter Kormos (Welland-Thorold):** It's interesting to note that Ontario Lottery Corp ticket sales, everything from Lotto 6/49 to bingo and keno, in the Sarnia area last year totalled \$14,973,668. You can bet your boots that the government, because it's got big cash — man, this is cash for life for the government — has no intention of tinkering with its proceeds from Ontario Lottery Corp, especially since Ontario Lottery Corp is going to be in there like dirty thieves. It wasn't an accident that I referred to them that way. As a matter of fact, VLTs, a neologism for high-tech slot machines, have been referred to as "vulgar little thieves."

In any event, what's left then? Where do you seize the bucks from? The government ain't going to want to take it from Ontario Lottery Corp — \$14 million, almost \$15 million right here in Sarnia alone. What have you got left? You've got bingo. You've got break-open tickets. You've got the fund-raising efforts of small organizations.

Now, part of the government spin — you see, they've got to pull all this stuff. They have 20,000 slots, in every



corner of every neighbourhood in this province, one for every 550 population. That'll help you figure out how many you could have in your community. Government's got to peddle these, so it puts the spin on: "There's going to be 10% allocated to charities." No model as to who those charities are; the strong suggestion from a number of presenters is that it should be — the government hasn't said this — charities that have charitable numbers from the federal government. You and I both know that excludes a whole lot of charities.

**Mr Landles:** All the sports charities, yes.

**Mr Kormos:** It excludes the snowmobile clubs. It excludes the Moose Lodge. It excludes sports groups. It excludes community-based groups that do good works but don't qualify for that very stringent level of tax charity. You know what it's like to line up, if you've even bothered trying lately, to try to get some of the bucks the Ontario Lottery Corp has picked out of your pocket. You're talking about the same sort of bureaucracy. The big guys, the big hitters, the high-profile ones, the ones with the high-priced consultants, are going to get the cash. They're going to get the gold; you're going to get the shaft. It scares the hell out of me.

**Mr Landles:** I agree 100%. That's what concerns me — the small sports groups that are keeping kids off the streets. I have one group in Delhi, Ontario, that's a hockey organization. They had a situation where a team that had won the championship for the year couldn't afford to bus its kids to the final. One team had a really good break-open site. They had lots of money left. They paid for the opposing team's buses so they could enter the final stage of the hockey. This is the type of thing that goes on. These are the ones that are going to lose out. All these kids in these small towns, in these small organizations, are going to lose out.

Even if the VLTs take only 25%, the ice time and arena times went up something like 30% this year. That's in communities like Woodstock and London and these areas. They can't afford it. Because of Mike Harris and all his cutbacks — and I agree with his cutbacks — all we're doing here now is just starting to shift money, and we're shifting it out of kids' mouths. That's what bothers me.

**The Chair:** Mr Landles, thank you very much for attending here today.

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#### BEDFORD HOTEL

**The Chair:** Our next presentation is by the Bedford Hotel, Mary Lapaine. Welcome, Ms Lapaine.

**Mrs Mary Lapaine:** Mr Chairman and members of the committee, my name is Mary Lapaine and I want to thank you for the opportunity to appear before you today. My husband and I operate the Bedford Hotel in Goderich. Just as an aside, I'd like you to know that my family went there in 1929 and this year we are celebrating the 100th anniversary of our building. I have been very much a part of the hospitality industry for a long time and this morning I would like to bring you some of the facts and tell you how difficult it has been, particularly over the last five years, to be in this industry.

I would like to begin by congratulating the government for its commitment to introduce video lottery terminals in the province and specifically to our industry. It is interesting to note the misinformation being put forth by some to discredit the government on this issue and as a means to promote their own interests.

Ontario's hospitality industry is one of the province's larger and more important industries. Unfortunately, the recession has hit us very hard, with sales down 20% and no real turnaround in sight. In our own particular case, we are down by 26% over the past five years due to the recession and the decrease in summer tourism, particularly in American visitors. As a result of this, we've had to decrease our staff complement by about half and discontinue our usual practice of hiring summer students. Even the excellent marketing tool initiated by the southwestern Ontario tourism association of calling this whole region the west coast of Ontario has not been able to counter the decline.

I've had the personal opportunity of visiting Manitoba, Saskatchewan and Alberta, where VLTs were introduced several years ago. Particularly in small and rural area properties, the results have been an added interest for the customer which has translated into a larger volume of sales, increased employment, money for capital expenditures and a dramatic drop in the number of bankruptcies in the industry. I even personally had the opportunity to speak to the Premier of Manitoba about this and he said that their main thrust in this was to help the rural population. As many of you probably know, when VLTs were introduced in Manitoba they were for the rural areas, not the city of Winnipeg.

I am here today not only to ask you to support the commitment made by the Minister of Finance on May 8, but to ask the government to commence implementation as soon as possible. Most of us haven't got a lot of time left. I'm not being facetious about that remark; it is the truth.

The government is not introducing VLTs into the province; they are already here. According to the Ontario Provincial Police estimates, the numbers range from a total of 15,000 to 25,000. These illegal grey machines are costing the government approximately \$400 million annually in new, non-tax revenue. Many operators have become desperate and in order to save their businesses have resorted to these illegal machines, but would much prefer to operate legally and install machines approved by the government.

As stated earlier by Mr Flaherty, studies conducted by Brandon University in Manitoba show that video lottery players take it as a part of going out and plan it in their budget process. They go one to two times a week and spend about \$10. Dr Barbara Gfellner from Brandon University, who conducted the study, found that most people who played VLTs did so to socialize, not gamble, and it is viewed as a recreational activity.

We want to commend the government on its forethought to dedicating funding towards the development of programs for those with gaming problems. There are already many forms of gambling in the marketplace today and it should be noted that VLTs, according to research, are no more addictive than any other kind of gambling.

Data indicate there is a small component of the population susceptible to compulsive gambling. Compulsive gambling, like compulsive drinking, is not a cumulative problem which grows with the introduction of new brands and types. Gamblers transfer their attention from one form of gaming to another. Horse racing revenues, for example, have declined substantially from the days when they were the only legal game in town.

Tibor Barsony, the executive director of the Canadian Foundation on Compulsive Gambling, says, "Prohibition is not the answer; education and treatment is." It is interesting to note that less than 2% of the population exhibit the potential to become potential gamblers. This compares to 6% for alcohol. However, we all recognize that for some, no matter what the product, a problem can develop. We commend the government for recognizing this fact and moving forward on it.

As I stated earlier, from my own experience the VLT introduction in other provinces has proven to be a job creator and a major stimulus to our industry. Only in Nova Scotia, where originally they were allowed in corner stores, was there a problem. But now that they're restricted, we are not aware of any problems, contrary to what you may want to believe. I also should point out that VLTs and casinos in Nova Scotia are coexisting quite well. We had the opportunity to be in Nova Scotia last year and visit the casino at the Sheraton hotel. I know that it is doing very well. The small operators in Nova Scotia are very happy with their VLT program as well. There are two different audiences — one destination, the other drop-in. Based on that experience, VLTs will create thousands of new jobs in Ontario's hospitality industry as well as providing a new source of funds for the industry and the government.

In translating the experience in the western provinces, which was about 1.5 new employment per operation, that would translate into 10,000 new jobs for Ontario. Capital expenditures could exceed \$100 million in the province, as most establishments could conceivably spend \$20,000 to install the machines.

In terms of an implementation schedule, we urge you to recommend to the government that the hospitality industry be moved on line as soon possible. The minister, in the budget on May 8, said:

"Initially, VLTs will be located only at racetracks and permanent charitable event sites — locations where the machines can be closely monitored and where they will complement other existing gaming activities. Once an acceptable implementation plan is developed, the network can then be expanded to the hospitality industry...."

This measure is clearly intended to help our industry, but any undue delay could further hurt our industry as the early implementation to the other gaming venues could cause a shift in business. I know there is a great concern among our rural population that a 10,000-square-foot charitable gaming venue could become a major competitor. We certainly are all very big contributors to charities. I think probably the hospitality industry is one of the bigger things in a town that helps out charities, but we are concerned about the impact of huge charitable gaming venues and we think there are other ways that charities can be helped, maybe to a greater extent.

We also would like to see the machines installed because it will fight against the illegal grey machines and will also bring approximately \$400 million of non-tax revenues into the government.

VLTs are very important to our industry. Obviously, they provide a new, important source of revenue. The proposed 10% commission is low in comparison to other jurisdictions, which go from 16% to 30%, but one we can live with. Because VLTs are viewed by the public as a desirable form of entertainment, they increase traffic flow and bring in customers. Customers eat and drink, which creates more economic activity. A byproduct of this new activity is the agricultural section, as our industry is one of the largest purchasers of Ontario farm products.

VLTs will help to save our industry. This is the clear and loud voice of our members across the province. Our members are already licensed. As such, they are proven, responsible, trained professionals and therefore familiar with all the results from the operation of activities for adults, including liability. A healthy hospitality sector through VLTs means a healthier economy. A strong and vibrant business reinvests in its business, hires more people, purchases more goods and services, sponsors local charitable and sporting events, and pays taxes.

We commend the government for taking this initiative as it will stimulate our industry without government funding. It will eliminate the illegal machines and bring the untaxed revenues into the mainstream economy and in the process help the government reduce the deficit.

**Mr Crozier:** Good morning, Ms Lapaine, and welcome. The one thing that I would like to comment on that bothers me about this presentation is, "It is interesting to note this misinformation being put forth by some to discredit the government on this issue as a means to promote their own interests."

I don't know how many times we've heard that phrase over the last week and a half. I look at many of the comments made, as sources from which they draw their conclusions, to be much like economists, that if you put all the economists end to end, all you'd have is a long line of economists. We can each look to our own research as it fits our own circumstance.

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I'd like to know how you feel personally. You interjected some comments about how you feel and how it affects your business. How do you feel, since you've visited other jurisdictions, that the revenue to you is proposed to be 10% in this case where in some other jurisdictions it's as high as 25%?

**Mrs Lapaine:** How do I view that? Obviously we were hoping for higher revenue, but the main thrust for us in wanting video lottery terminals is not the return that we feel we're getting off the video lottery terminals. We look at it as a means for people to come into our business. People no longer come out to a bar to drink; social venues, everything has changed. We look at it as, if we have the video lottery terminals, no matter what our return is we're going to increase our food and beverage business and that will stimulate our whole business. Traffic in an establishment is the most important thing because people attract people; there's no question about



that. For us that's the main thrust behind it. Obviously, 10%, we would have liked more but we're very happy with 10% because we feel the introduction of the machines is the more important thing to the betterment of our business.

**Mr Crozier:** I'd like to get to that point. They're going to be proposed first to go into racetracks and permanent charitable gaming sites. The numbers that have been suggested for those venues leave less than one machine per licensed establishment in the rest of the province of Ontario. If, I suppose, the government were to be totally fair and distribute them to everybody, you might get one machine. I suspect what's going to happen is that there are going to be some that have more clout than others, that some will get several machines and some will get none. How do you feel about that?

**Mrs Lapaine:** I agree, but I think there are some licensed establishments which may not want them. Their venues may be different. To say that if you gave them to every licensed establishment in Ontario they'd get one — I think that is not going to happen. As far as how they're going to choose, that's a very difficult question. I have been associated with the Ontario Hotel and Motel Association. I know they've taken a long look at it and they've made a recommendation, which we think is fair, that probably three to seven machines be the area that this government look at with the numbers they propose are going to be put into our establishments.

**Mr Crozier:** If that meant that 50,000 machines would go into Ontario rather than 20,000, that would be okay with you?

**Mrs Lapaine:** Yes, but it may have to be done within the government guidelines and we're prepared to live with that.

**Mr Kormos:** I appreciate what's happening. The hotel and motel association is lobbying very hard, as is their right, to get slots in their members' locations. There's a whole lot of money to be made there, no two ways about it, a quarter and a loonie at a time, and not that slow, because the play on these machines is as rapid as one and a half seconds per play. We've heard your submission in a number of cities from a number of sources because the hotel and motel association distributed that and asked their members to appear at these hearings and make those submissions.

It's unfortunate, though, that when they gave you that submission and they referred to the Gfellner report from Brandon, Manitoba, they told you what her conclusions were —

**Mrs Lapaine:** I've read the Gfellner report, Mr Kormos.

**Mr Kormos:** — as to the statistical average player but didn't include in their submission that you were to make to this committee that more people gamble when opportunities to gamble are more readily available. Thus the accessibility of VLTs places more people at risk for gambling addiction, and for some this will include involvement in criminal behaviour.

It's unfortunate that the hotel and motel association didn't include in their submission that in Gfellner's study, 9.1% of men and 9.3% of women VLT players were

pathological or problem gamblers, far higher than the average for other types of gaming or gambling.

It's unfortunate that they didn't refer to what the Addiction Research Foundation told us up in Thunder Bay, that video lottery terminals are considered to be the most addictive form of gambling. I appreciate that the Toronto staff from ARF declined to say that, but if I were in a senior position in an agency that was relying upon this government for funding, I'd be careful what I said too, in view of the cuts.

It's unfortunate that the hotel and motel association doesn't include the parts of the submission from the Lake of the Woods Addiction Services where, with respect to video lottery terminals, they say it's very addictive and the trend is towards developing faster and faster games.

It's unfortunate that the hotel and motel association doesn't make reference to the fact that the Frisch study — I spoke with Dr Frisch yesterday at the University of Windsor — indicates that 17% of adolescents are almost split evenly as either pathological gamblers or high-risk gamblers, that we're witnessing a generation of high-risk gambling that the slots are particularly catering to.

It's unfortunate that the hotel and motel association, in making reference to these grey machines, doesn't say what Dr Howard Schaffer of Harvard Medical School has to say about illegal slots, that legalization of VLTs would not do away with illegal slots, that there would only be a substantial increase in gambling and some would even return and continue to sustain the illegal slots because the payoffs will probably be higher.

It's unfortunate that the hotel and motel association doesn't indicate that the Ontario Provincial Police has told this government that legalization of slots is not going to get rid of grey machines, that the police need the resources to go after these machines. There are only 11 officers in our anti-racket squad operating provincially.

It's unfortunate they didn't tell you that an 80-page report prepared for provincial security similarly indicates, among other things, that slot machines, as proposed, attract organized crime the way a cow plop attracts flies, that we run a high risk here because there isn't a gambling jurisdiction with slots that's over 10 years old that hasn't got a strong presence, hasn't been corrupted by organized crime.

I hear what you're saying. I understand your industry needs the additional revenue —

**The Chair:** Thank you, Mr Kormos. We will move on to the Conservative caucus now, if we may.

**Mr Kormos:** — but I really wish that we had —

**The Chair:** I wish you'd take a breath periodically so I could just get in there without interrupting you.

**Mr Kormos:** Thank you, Chair. Just go right ahead, sir, because I'm on a roll.

**The Chair:** I try not to interrupt.

**Mr Terence H. Young (Halton Centre):** Mr Chairman, on a point of order: If the microphone were cut off, it might move Mr Kormos to stop speaking.

**The Chair:** We're just wasting the government's time at this moment.

**Mr Kormos:** It wouldn't stop me. There's far too much at risk. I'm not in the back pocket of gambling —

**Mr Flaherty:** I hear what Mr Kormos said. We've been hearing his views for a week and a half. He is a prohibitionist on gaming. His party is not. His political party, the New Democratic Party, introduced commercial casino gambling to Ontario. Mr Kormos is against that, he's against the Windsor casino, and I respect his view against gaming. It is a point of view that some advocate and he advocates it well. Our government takes a more measured view, I think, a more realistic view of treating people in the province as adults and looking at the Canadian experience more broadly.

I don't agree with Mr Kormos that we can be dismissive about the hospitality and tourism industry in Ontario. It is a huge industry.

**Mrs Lapaine:** Fourth largest, I believe, in the province.

**Mr Flaherty:** In many areas of the province, including areas where we've been — Fort Erie earlier this week and Kenora last week — tourism is the number one industry and employs thousands of people across Ontario. The estimate we've heard at these hearings is that this bill by the government would increase employment in the hospitality industry by 10,000 people — 10,000 jobs across Ontario, and that's not getting into the racetrack industry and the employment problems in that industry, where many people work who, we've heard, probably would not be capable of obtaining employment in more office-type settings than the racetrack, the horse setting. It's really important from an employment point of view, and our government is concerned about job creation.

I want to go back and talk about charities for a moment because it was said here earlier that Bill 75 would take money from charities. That's not true. In fact, Bill 75 would increase the amount of money going to charities in Ontario by up to \$180 million. It's an incredible increase to charities. If we're concerned about charities in Ontario as opposed to operators who make money raising money for charities, if we're really concerned about the charities themselves, this bill is a tremendous improvement in the amount of money that'll be going to charities in Ontario. In fact, the revenue will be more than 10 times what it is now from the Monte Carlo business, which is \$10 million to \$15 million per year; it'll be up to \$180 million, which is well over 10 times that sum. I think that point needs to be made about the benefit to charities from Bill 75.

**Mrs Lapaine:** I add, Mr Flaherty, that I honestly was trying to say earlier that even in small communities I think there will be a good flow to charities. When hospitality industries are viable we're very good to charities, but when times get tough we can only do so much. We used to sponsor three different teams in our town. We can't afford to do it any more. You can't be laying your people off and supporting recreational teams. There's a tremendous spinoff that the charities will benefit from particularly, that I can speak for, in small communities, because I'm very aware of not only my community but others.

**The Chair:** Mrs Lapaine, thank you very much for your presentation. I apologize to Mr Guzzo and Mr Young as there was not time.

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## CADITH ENTERTAINMENTS LTD

**The Chair:** We are proceeding to our next presentation, Cadith Entertainments Ltd, represented by Mr Lucio Sandrin and Mr Tony Rosa, and you have a third person here too.

**Mr Lucio Sandrin:** Mr Chairman, we wish to express our sincere appreciation to you and the committee for the opportunity to express our views on this important legislation.

My name is Lucio Sandrin. I am accompanied by Mr Tony Rosa and Mr Phil Katz. I am a shareholder and director of Cadith Entertainments. Mr Rosa is our director of gaming. Mr Katz is president of Big "D" and Bingo Country Windsor.

Through our associated companies, Bingo Country and Upper Canada Casino, we have provided gaming-related services to charitable organizations in Ontario for more than 18 years. We manage more than 45 bingo halls in Ontario and manage about 150 Monte Carlo charity casinos annually. Through these companies and their 1,000 employees we provide fund-raising support for about 2,500 charities and non-profit organizations in Ontario and help to raise more than \$40 million annual for them. Our organization is successful only if our charities are successful and our customers are happy and continue to play the game.

It is important to note that Ontario has been a model for many other jurisdictions throughout the successful partnership of government, the private sector and charities in raising funds at the grass-roots level and reducing or eliminating the need for government support to these charitable organizations. This success has also been a function of the high degree of regulation and control that is exercised by the Ontario Gaming Control Commission and the various municipalities on commercial operators, charities and suppliers of goods and services to the charitable gaming industry.

Our prime concern is the continued strength and viability of charitable gaming in Ontario. The proposed legislation provides both opportunity and threats to this industry. We have observed with interest that there is virtually unanimous agreement that VLTs will generate substantial revenues and that the issues being presented to this committee are how these revenues will be divided and the impact of the VLTs on our society. As could be anticipated, many submissions that have been made reflect the vested interests of the presenters. While we certainly have our own vested interests, we have attempted to be as objective as possible in presenting our views and recommendations and we trust they will be taken in that spirit.

We are neither for nor against the introduction of VLTs. However, if VLTs are introduced, we believe it is essential that a level playing field be maintained for existing stakeholders in the charitable gaming industry.

The introduction of VLTs seems to be a recognition of the public's interest in this form of entertainment, an attempt to provide regulation to the current illegal machines in use in the province and to provide additional revenues to the government, charities and racetracks in



Ontario. We are concerned, however, that the VLTs, combined with the new permanent charity casinos and the commercial casinos at Windsor, Rama and Niagara Falls, represent a rate of change that could present real dangers to the very constituents these changes are designed to help. We therefore encourage planning, moderation, effective regulatory enforcement and regular reviews to ensure these changes result in the anticipated benefits.

We believe that the organizational changes, in bringing the regulation and enforcement of gaming and alcohol under one commission, should assist in the more cost-efficient administration of laws and regulations.

**Racetracks:** This is an industry at risk, and we support the intent of the legislation to provide a competitive advantage for a short period of time.

It will, however, be up to the management and staff of these facilities to take advantage of the opportunity being provided and to prove to customers that they are good value for the entertainment dollar. Once that short period of competitive advantage is over, they will have to compete with other establishments on an equal footing. VLTs are not a long-term panacea.

The hospitality industry is a critical industry to our society and especially to Ontario. This is also an industry that has suffered significantly during the recent recession. VLTs may provide a source of additional customers and revenues and may provide new employment opportunities. The simple reality is that no one knows the impact of VLTs on racetracks and the planned charity casinos in Ontario. We strongly urge that the addition of VLTs in bars, restaurants, hotels and other licensed establishments be deferred until the initial impact of VLTs is known and interested parties are able to make better informed submissions with respect to their possible expansion.

Of particular concern is the lack of experience of these establishments in managing gaming activities. As noted earlier, the charitable gaming industry in Ontario has been successful in part due to the comprehensive regulatory gaming environment in which it has operated. A similar gaming environment also exists in the racetracks but is non-existent in bars, restaurants and hotels.

It is essential that charitable gaming remains competitive with other gaming alternatives. This is becoming a greater and greater challenge with the introduction of sophisticated new products such as VLTs. Failure to remain competitive will result in the loss of existing customers and the inability to attract new customers, a fate similar to that of the racetracks. Let us not forget how important the customer is.

Revenues to charities from bingo, break-open tickets and Monte Carlo casinos are very much a grass-roots activity. The charity volunteers for these activities have a significant direct effect on the ultimate results, and you have heard from a number of local charitable and not-for-profit organizations that are very apprehensive about the coming changes. These organizations and their volunteers have legitimate concerns and deserve to be heard. The introduction of VLTs is a real threat to their revenues from break-open tickets and bingos. The stated method of distribution of the VLT revenues simply adds to these concerns.

We believe there must be continued, direct recognition of the efforts expended by local charity organizations and their volunteers. We urge the government to consider increasing the percentage paid to the charities to at least 20% and to allocate the moneys on the basis of their direct participation in bingo and casino fund-raising efforts. We do not believe allocation to charities should be on the basis of written requests to a nameless and faceless entity that will dole out the funds.

It is a virtual certainty that charity revenues from bingo will be negatively impacted by the introduction of VLTs in charity casinos, racetracks and possibly other locations. Therefore, if Bill 75 is passed, we recommend that urgent consideration be given to including VLTs in bingo halls, again with proceeds to the charities based on their participation in the bingo events. While this would require increasing the permitted age in bingo halls to 19 from 18, no other changes would be required, as these establishments already provide a restricted, regulated and controlled gaming environment.

**Problem gambling:** This is an issue that has occupied a good deal of the committee's time and energy, and rightfully so. Historical research suggests that 1% to 2% of the population is subject to serious problems with gambling and that this percentage has remained relatively static regardless of the amount or quantity of gaming that is available. While there is no specific reference in the act, it is our understanding that 2% of the proceeds will be made available to assist in the treatment of individuals with problems relating to gambling. This is a very substantial amount of money, particularly when compared to the very modest present funding available.

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There has been a reference to recent studies that suggest that historical percentages of problem gamblers no longer apply in this age of high-tech devices. We are certainly not competent to comment on the validity of these studies, but should VLTs be introduced, we have two recommendations.

Firstly, we believe that proper legislation, adequately enforced, is not only a significant deterrent to the unwarranted use of these devices but will also assist in the eradication of illegal, unregulated devices which we believe are a serious threat to society. In order for enforcement of the rules to be effective and the prescribed fines to have real value, it is essential that regulators have adequate funds to fulfil their duties. Without adequate funding for enforcement, abuses will exist. VLTs can be a significant source of this funding.

Secondly, we would encourage the use of benchmark studies to determine the present level of problem gambling in Ontario and to compare these with results of similar studies following introduction of VLTs. If the results supported a much higher level of problem gambling, we believe radical action would be essential, and this could include the elimination of VLTs.

**Enforcement:** As noted above, we fully support strong enforcement of all regulations and strongly urge that adequate funding be made available to regulatory bodies. Strong enforcement not only will reflect well on government policy but also is essential for the wellbeing of charitable organizations and the private sector. Strong

enforcement of the regulations will protect charities and consumers and ensure a strong and vibrant industry that provides jobs, funding and excellent value for consumers for their entertainment dollars.

We would like to summarize the key elements of our presentation as follows:

(1) We are neither for nor against the introduction of VLTs. However, if VLTs are introduced — and they appear to be coming — we believe it is essential that a level playing field be maintained for existing stakeholders in the charitable gaming industry.

(2) Should VLTs be introduced:

(a) We encourage planning, moderation, effective regulatory enforcement and regular reviews to ensure their introduction results in the anticipated benefits.

(b) We strongly urge that the addition of VLTs into non-gaming establishments such as bars, restaurants, hotels and other licensed establishments be deferred until the initial impact is known.

(c) VLTs must be permitted immediately in bingo halls to ensure the revenue base of charities is sustained.

(d) Revenues to charities should be based on their direct participation in bingo and casino fund-raising efforts and their share of proceeds should be increased to 20%.

(e) Adequate funding must be made available to regulators to ensure the rules are followed and a level playing field maintained. VLTs can be a significant source of this funding.

(f) If a benchmark study suggests an unacceptable level of problem gambling as a result of the VLTs, they should be withdrawn or severely restricted.

We wish to again thank you for the opportunity of expressing our views here. Our sincere appreciation for the opportunity of speaking to you this morning.

**The Chair:** Thank you very much, sir. We have two minutes per caucus.

**Mr Kormos:** Two minutes isn't a whole lot of time, Chair.

Thank you kindly. Yours is similar to submissions made by people in your industry across this province. Let me suggest this to you: It's no accident that it happens to be slots. Why isn't the government proposing that hotels and motels be permitted to have blackjack games? That's a form of gambling that's very traditional, historic — perhaps influence the federal government to permit dice games. It's no accident.

They're not encouraging hotels and motels to apply for licences to have supervised poker games. They're talking about slots because there's an industry out there that knows this is the new thing — the electronic slots, these VLTs, these vulgar little thieves that have been called one of the most addictive forms of gambling, not by politicians but by people who have done extensive research in this area: in Great Britain, Mark Griffiths, the University of Exeter; Dr Gary Schaffer at Harvard Medical School; Jeffrey Derevensky, who I spoke with at length yesterday, from McGill University, who has done extensive research in this area. These things are hot. There's more money to be made in this form of gambling than any other form of gambling.

Also, they attract new people to gambling who never would have gambled otherwise in their lives. You don't

have to learn any rules of the game. You don't have to know the value of a hand of cards. You don't have to understand the odds in a dice game and what it means to bet a certain bet as compared to another. You don't have to understand even the basic principles that any blackjack player understands as compared to blindly drawing more cards.

It's a form of gambling that's going to make billions of dollars for certain sectors. I'm afraid the charities are being used as patsies, being used as shills, because they're being paid off with a little piece of the action to try to convince the public. It's all part of the marketing job of selling slots to an unsuspecting public.

**The Chair:** Thank you, Mr Kormos. Two minutes is up.

**Mr Young:** Can you please describe for me what you mean by "a level playing field"? I'll just give you a little preamble. We know there are grey machines out there. They're in some restaurants and bars and there's some indication there are some of them in bingo halls as well. You're not suggesting, I'm sure, that restaurants and hotels be allowed to run bingo games, so what do you mean by "a level playing field"?

**Mr Tony Rosa:** I think what we talked about, a level playing field, is that VLTs — right now in the gaming industry there is a segregation of players, and what players are accustomed to playing or what they like to play, there's a minor crossover. This particular unit creates a much larger crossover of the different sectors that are involved in the industry right now, so allowing one sector to have it without the other one having it is what we mean by not creating a level playing field.

**Mr Young:** There's also talk about a province-wide game of bingo on television. They do it with conference telephone. Wouldn't that be a better way to increase your business and get some more excitement in your bingo halls?

**Mr Rosa:** We are pursuing that game right now with the government itself. Yes, we feel that's a way of attracting new business and new players to the charitable gaming industry, but we also feel that without participation in the VLTs, if they do come out, it will create the unlevel playing field.

**Mr Young:** We've heard from a large number of delegations now, people who own small businesses, medium-sized businesses, hotels, restaurants etc. I'm starting to get the clear message that the biggest bang for the buck in jobs, in economic activity, is going to be in those small businesses, like the lady who was here earlier this morning. Do you have any comment on that?

**Mr Sandrin:** I personally agree with that, Mr Young. If you'll note, it's 45 halls, so there's a bunch of small, little halls we own. A lot of people work there and a lot of charities work there, and they work hard for their dollar and a lot of times go home with smithams. But society is in a turmoil of where we're going with this gaming stuff, so consequently we think that while it's coming and it's inevitable that it may be coming, if it does come, we suggest that it does have a strong, strong bearing on the bingo industries and the charities involved in bingo.



**The Chair:** Thank you, Mr Young. We must move on.

**Mr Kennedy:** If you had your choice and you had a choice not to have VLTs and to continue with the businesses that you have now and the impact you think you're having with charities in the community and so on, would you choose to have them or to not have them?

**Mr Phil Katz:** It's not a matter of whether we have choice. We're suggesting —

**Mr Kennedy:** I'm just asking your opinion as someone who looks at the impacts that are coming and so forth. If it was your choice in terms of where this could come from, would you or would you not have the VLTs?

**Mr Katz:** You mean in the whole marketplace?

**Mr Kennedy:** In the whole marketplace, yes. Correct.

**Mr Katz:** I have a hard time answering that, because if there's a desire by the public to do certain things — in Windsor and here in Sarnia, we may soon be facing some gaming competition in Michigan. If we don't establish our marketplace and if we don't begin to make this a place of destination, by the time we wake up, the Americans will go right by, which is what they do.

**Mr Flaherty:** Listen up, Gerard.

**Mr Kennedy:** Let me just relate that to you from some of the experience of other communities that have gone down that route. There's been a decision in parts of this community have a casino, and a casino is touted as an economic development type of initiative.

This is not about economic development; this is about the government collecting more money from the community than your games do, than even casinos do. If you look at the dollar breakdown, the money is leaving communities. Less is being paid out in prizes in VLTs than in break-open tickets or in bingo, less is being given to the operators, less is being given to the charities and more is being taken by government and being taken downtown. Those are absolutely the facts.

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**Mr E.J. Douglas Rollins (Quinte):** Wrong facts.

**Mr Flaherty:** That's totally wrong.

**The Chair:** Gentlemen, let him have his chance.

**Mr Kennedy:** I want to commend you on the other part of your presentation, because I think it reflects well on your industry that you would concern yourself with a baseline study.

**Mr Flaherty:** Misleading presenters.

**Mr Crozier:** What a rude person, Mr Chair. He interrupts this gentleman.

**The Chair:** Mr Kennedy, please proceed.

**Mr Kennedy:** Your point in terms of baselines — the government side is having obvious problems with the facts of this. But they have to agree, they have to admit, this is mainly about them taking money; if they didn't, then they would agree with your point, which is that there should be a baseline study. Why is there such a rush to put these VLTs into bars and restaurants? Why proliferate them? Why not do as your study suggests? Take this slowly; take a step. This legislation is about putting a base for the government to spread these out very widely, and the reason they need to do that is for the money. The baseline study is a very good idea, because if it doesn't happen we won't know what impact

this will have in terms of the different problem behaviours associated with gambling.

The other point —

**The Chair:** Thank you, Mr Kennedy. I did add on some time for the interruption. Gentlemen, the time has elapsed for your presentation. Thank you for attending today.

**Mr Kennedy:** We are going to have to start timing ourselves, Mr Chair.

**The Chair:** You go right ahead, Mr Kennedy. I think I've been very fair. If you think I've been unfair, put it on the table. I will not tolerate snide comments.

**Mr Crozier:** Even when they're coming from the Chair?

## B.J. GAMES INC

**The Chair:** B.J. Games of Brantford, Mr Peter Prowse, owner. Welcome, Mr Prowse.

**Mr Peter Prowse:** Thank you and good afternoon, Mr Chairman and members of the committee. I'm pleased to appear before you today to address certain matters respecting Bill 75. My name is Peter Prowse and I am president of B.J. Games, an Ontario corporation with headquarters in Brantford, Ontario. B.J. Games is a registered supplier of gaming equipment and services and a registered manufacturer of gaming equipment operating within the province of Ontario. Our company has been the principal operator of the casino at the Canadian National Exhibition since its inception.

As an aside, I would like to extend an invitation to all members of the committee to visit us at the CNE to view a functioning charitable casino. I believe you would find this visit informative. Please ask for me or one of my senior staff to tour and review the casino and security services. This is truly an example of a made-in-Ontario working model of a charitable casino operated by an Ontario company.

Our company has been in business in excess of 20 years. I have seen the changes, from one-day events where green felts covered banquet tables to three-day charitable events and now commercial casinos. As an operator, as an employer of 250 qualified staff and as a former employer of 400 staff now at Casino Windsor and Casino Rama, I am proud to have been a contributor to the growth and development of gaming in this province. Provincial revenues, employment and personal income continue to be important issues to the province and public alike. A controlled expansion of this industry will assist in increasing provincial revenues, reducing unemployment and establishing a number of well-paid gaming positions.

It is obvious therefore that I am a supporter of this legislation, but this support comes with endorsement of the minister's statement that the initiatives to benefit the people of Ontario, the charities and the racing and hospitality industry will be accomplished in a measured and controlled fashion.

Let us take a few moments in retrospect to examine the errors or omissions of the past. In doing so, it is worthy to note that when the Liberals were in power charitable gaming and the gaming commission were conceived; that when the New Democratic Party was in power charitable

gaming was implemented; and that now it is a Conservative government that is proposing new legislation to further regulate and expand gaming and to provide more discipline and control in the gaming marketplace. From my perspective, all three political parties, their constituent members, operators, charities and the public should share a common interest to support, improve and implement this legislation.

The obvious errors or omissions in past legislation that have encumbered the successful operation of charitable casinos to date are many, but of significance are the following:

(1) The requirement to set up and tear down every three days has attenuating costs and increases wear and tear on equipment, reducing net funds to the charities.

(2) Casino employees have excessive transportation and meal costs, reducing their incomes.

(3) Rental agreements with halls are excessive, reducing net funds to charities.

(4) Quality security and surveillance systems are not always provided due to costs, setup, tear-down and all the things that go with that.

(5) Regulation and enforcement by government officials is complicated, more expensive and less effective than desired.

(6) Advertising costs are expensive due to site changes, reducing net funds to charities.

To be simplistic, the charitable — roving — casino business has worked, but not well under the present legislation. Establishing permanent sites will provide significant cost savings, create numerous operating efficiencies, improve security and surveillance and as a result increase revenues to benefit the province, the charities, the operators and the employees.

The charitable industry, Casino Windsor, Casino Rama, and their successes confirm that there is a legitimate demand for entertainment within the casino industry in this province, but at the same time I share the minister's concern, as identified in his statements, that implementation of this legislation should provide more regulation and control in the industry. We have seen evidence of the successes and failures of our sister provinces in implementing gaming legislation. I support the establishment of VLTs in this province, but in a controlled and progressive manner.

The horse racing industry has been detrimentally affected with the introduction of other gaming and lottery pursuits. It is wise that the minister proposes initially to introduce VLTs into the racetracks and permanent charity casinos, and to review and assess that decision prior to considering other venues and locales. In a similar fashion, I am aware that the GCC has reviewed the operation of permanent charitable gaming in British Columbia both to build and improve upon the government's intent in Ontario. The BC example has been a positive experience for government, charities and the public. Evidence of that success is the BC minister's recent announcement to extend the number of permanent charitable casino sites in that province.

I support the progressive and responsible steps this government and previous governments have taken to introduce gaming to Ontario. I also applaud the minister's

frankness in admitting that the government needs to pay the provincial debt and that the introduction of VLTs to the permanent charity sites and the racetracks will enhance provincial coffers. But let us not lose sight of the fact that the charity purse will also be substantially increased. Charitable gaming was introduced by the previous government because provincial grants were being reduced due to dwindling provincial revenues. The charities were to be the principal benefactors. That has not been the case because the roving venues were not as successful as presumed, due to competition and the difficult working conditions for their operators. With permanent venues and more games the charities will benefit.

1210

I made mention earlier that regulation and enforcement of the charitable industry was less than optimally effective, and also expensive. My intent was not to discredit the GCC staff or their commitment; rather to recognize that the establishment of permanent charitable sites will lift a bureaucratic nightmare from the shoulders of the commission. The industry achieved rapid growth, placing unreasonable demands on commission staff for licensing requirements. This further complicated the charity requirements for advertising each event, and the combination or coordination of both requirements often led to problems and detrimental impacts on the success of individual events. Establishing permanent sites will eliminate a substantial paperwork function of the commission, hopefully allocating resources to more meaningful objectives in the regulation and enforcement areas. Further, without the advertising restrictions the charities will again benefit.

In closing, I would again encourage the members of this committee to become more informed and knowledgeable respecting those issues of this bill, particularly respecting the gaming provisions. Take the opportunity to visit Casino Windsor, the Northern Belle, Casino Rama, the CNE casino and your local charitable casino. I believe you will find support for both limited commercial casinos and local permanent charity casinos. In addition to supporting an entertainment function, you are assisting in increasing provincial revenues, charitable funding, employment improvements and opportunities, and employees' revenues.

Thank you very much. It would be my pleasure to attempt to answer any questions you may have.

**Mr Ron Johnson (Brantford):** Thank you, Peter, for making the drive up from Brantford for the committee hearings here today. It's good to see you again.

You indicated that obviously your big point here, which I got, was the establishment of the permanent location sites, that this was going to be a boost not just for local economies, and of course the industry itself, but for the charities as well. Our estimate is that it's going to increase charities' take from charitable casinos tenfold, in that charities will get about 10 times the amount of revenue under this legislation that they do currently. Is that a fair assessment, in your estimation?

**Mr Prowse:** In the brief studies that our association has conducted, we feel that eight to 12 seems to be the number that the charities will benefit by, so 10 fits right down the middle.



**Mr Ron Johnson:** Yes, because I know a number of the charities that we have had come forward have been obviously enthusiastic about the increased revenue that they're going to get from the permanent locations.

You indicate now that you're the largest operator in the province and you've got 250 staff. What do you see in terms of your industry and how it will grow with the permanent sites? Do you see that as a big employment boost across the province, not just you as an operator, but all of the operators that would be involved?

**Mr Prowse:** Certainly for employment. It's nice for an employee to know where he's going to go to work the next day. In a roving casino you could be in Markham one day, Scarborough the next and then downtown Toronto. It's nice to know where they're going to work. It will create many jobs, many more than we're producing now.

**Mr Ron Johnson:** I know that you did, and still do, I guess, the CNE casino in Toronto. You took me on a tour there last year. It's an incredibly professional operation that's run for the CNE. I want to encourage anybody on the committee here to go down and look at that again this year. It's a wonderful operation. He gave me a great tour just before one of his dealers took my money. It was a lot of fun.

**Mr Young:** I'd like to get your comments on something, with a short preamble. I took this home and plugged it into my telephone line at home the other night at midnight; everybody was asleep in the house. Within 10 minutes, I was logged on to some company — Lord knows where they are, somewhere in the States — an electronic casino on the Internet. They gave me \$500 credit and here I was playing away. This was not real money in this case, but there are companies that do that.

**Mr Crozier:** Wait till you get the bill; it's like the call line where the ladies talk.

**Mr Young:** You just send your \$500 on your Amex or something and you can play, and this is going on. I think we have to be very careful we're not taking the ostrich approach to the whole issue of gambling in Ontario. Do you have any comments on that?

**Mr Kormos:** There's pornography and paedophilia on there too, Terence.

**Mr Prowse:** I'm under the impression that gaming on the Internet is a federal jurisdiction, so I don't know. I'm not for that on there.

**Mr Kennedy:** There's been some talk about the casino at the CNE as it affects charities in the past. You've alluded to that. You did say that the charities were not the principal benefactors as they were intended to be. I'm wondering what you see in the structure of this that will make sure that charities will benefit from — and I think you've accurately called them — there's some effort by the government to call them charity gaming halls but they really are charitable casinos; 50 casinos will be put in place across the province without any say-so on the part of municipalities that want them or don't want them, but these up to 200 machines, I understand, and 50 tables, is that correct? Is that what you understand as well?

**Mr Prowse:** Number one, I don't think you can call them casinos because they're two different branches of the government. Casinos fall under a different area.

**Mr Kennedy:** This bill would bring it together. That's one of the facets of this bill, I believe.

**Mr Prowse:** So commercial gaming and charitable gaming would fall under the same bill?

**Mr Kennedy:** Yes.

**Interjections:** No.

**Mr Kennedy:** Sorry, I should let you finish your sentence. Could you respond to why charitable organizations have not received the maximum benefit at least every year from the CNE?

**Mr Prowse:** I think you'd have to talk to the CNE auditors and the CNE people to explain. It's really not my position to say where the moneys go; I just operate the games. You'll have to talk to the office.

**Mr Kennedy:** I think it is instructive that there are times when it's put forward in different parts of the public interest, in this case for charities, and in some of those cases they put hundreds of hours of volunteers' effort into it and receive very, very low returns. As you stand here today to promote this as a better way of securing returns for charities, I wonder: On what elements of this bill do you put that faith?

**Mr Prowse:** If you have fixed costs and you know where you're going to be, it's always easier to run a business. If you're roving, you're at the mercy of everyone else. I think this bill is trying to say, "Let's give our boys a home." That's what they're trying to say.

**Mr Kennedy:** In terms of the permanent locations.

**Mr Prowse:** Yes, sir.

**Mr Kennedy:** In terms of those permanent locations and the VLTs that would be in them, the position of the police in this province — they have a coordinating mechanism called the Criminal Intelligence Service Ontario — Mr Fantino, who's the chief in London, says their position is they're not in favour of VLTs.

Further, there's a concern on the part of the police in general, and it's reflected by an Inspector Gottschalk out of Metropolitan Toronto, that says: "Those who predict the legalization of VLTs will lessen or eliminate illegal VLTs are incorrect. Illegal machines are not subject to taxation or return percentages, monitoring, and are virtual cash collectors, and in the absence of strong enforcement may become indistinguishable from legitimate equipment." In other words, as other experts have said, all forms of gambling may expand once we start using these particular machines. Obviously this is a particular companion to the kind of expansion that you're endorsing here today. I wonder if you have a comment on the police's position in Ontario.

**Mr Prowse:** I can't comment on what the police feel. You can go back to what was said when the casino opened at Windsor, that crime would be rampant, and now obviously the police are singing a different tune there.

**Mr Kennedy:** Why do you think there is this concern about VLTs? You're somebody who's a professional in the gaming industry and obviously concerned about its image. There's a concern from the RCMP in western Canada that because of the number of new companies that have applied to be part of the expanded industry, they don't know who they all are. They have concerns about some of their origins. I'm just asking you, as

somebody who's established as an Ontario company, if you've thought about and anticipated what could happen in terms of the attraction of companies from the States, some of which may be associated with illegal gambling.

**Mr Prowse:** It's obvious that anybody applying for a licence to operate in the province of Ontario will go through the proper regulatory searches and what have you. I don't anticipate anybody slipping through the cracks, through the bureaucracy of the OPP and the RCMP. There's a list of things that you have to go through just to get a licence.

If you're applying for a licence you are investigated to the nth degree. So if you're suggesting that somebody not up to standards would get into it, then that would not be true.

**Mr Kormos:** Thank you, Mr Prowse. There's no question that you and others in your industry have pioneered the concept of charitable casino gaming. Again, let's not be naïve. You and other colleagues are profit-making companies and you had to blend your interest with those of the clientele, because your clientele are the charities that you gather to put together an operation in any given community.

1220

We heard over the course of the last week and a half that there are in excess of 1,000 charity casino days a year — I think I'm correct — which I interpreted as being something like at any given time three locations simultaneously.

**Interjection:** Nine thousand.

**Mr Kormos:** Nine thousand. Okay, multiply that by nine then: 27 communities at any given time simultaneously having charitable gaming. I have been to some of these operations, ranging from modest ones to more extravagant ones, and I certainly can't dispute what you say. The blackjack tables were the most obvious games — certainly not slots. I will decline your invitation because, sure as God made little apples, a Toronto Sun reporter will show up shooting a photo of me standing beside a gaming table during the midst of this debate, and I pass on that.

**Interjection:** On page 3.

**Mr Kormos:** There we go again, life full circle.

I am going to say this to you: Are you and your industry being taken for a ride? Who's going to be running — because Mr Kennedy I don't think is that far off base. You can call them charity casinos and you can operate them under a different schema, but it's basically getting in the back door when you can't get in the front door. The reality is, there are going to be 50 more casino locations — call them what you will — in addition to the succession in Windsor, Casino Rama and now Niagara Falls, and again, I'm confident that Muskoka, Toronto, among others, are down the line in short order. Who got the Windsor casino? Was it Canadian operators?

**Mr Prowse:** No. They didn't have the expertise. Of course not.

**Mr Kormos:** Oh, they didn't have the expertise.

**Mr Prowse:** Of course not.

**Mr Kormos:** Who got the Casino Rama casino? Was it Canadian operators? No, because they didn't have the expertise. I haven't heard —

**Mr Prowse:** Well —

**Mr Kormos:** Let me finish.

**Mr Ron Johnson:** You are wrong, Peter.

**Interjections:** That's wrong.

**Mr Kormos:** No, an American-based company.

**Mr Ron Johnson:** Let the man answer the question. You're wrong.

**Mr Kormos:** An American-based company. Niagara Falls, I tell you — I'll predict — will be an American-based company. You're going to be competing with big players in the casino business from the United States, from Vegas and Atlantic City, who are going to be bending these people's ears. Again, I'm not suggesting there are going to be any payoffs because, like most politicians, you don't have to pay these people off with cash; you just scratch them behind the ears, give them a fruit plate and a couple of bottles of Ontario wine and they'll follow you home. I've known too many politicians for too long in too many different governments.

You're going to be competing with strong, powerful American interests who are going to want this 50 charity casinos action too. Wouldn't you want to see some guarantee that your industry, you and your colleagues, have first crack at operating these charity casinos?

**Mr Prowse:** Wouldn't it be nice if we competed with the Americans and if two bids were equal the Ontario company was given the nod? My answer would be yes. But if what you're suggesting is that an Ontario company, because we've been here, deserves the opportunity over somebody else and there's not fair competition, my answer would be no.

**Mr Kormos:** I say we can rent their expertise. We don't have to sell out this industry to buy it.

**Mr Prowse:** I'm not suggesting that. Your suggestion is that there will be up to 50 casinos, which is just about 23 more than what we're currently running, so it's not that large an increase. What we're saying is that if a Canadian company does rent American expertise, that's the way the Canadian company should structure its deal with an American company. If an American company comes in on its own, then its bid should be looked at on that basis. But if there are partnerships that come out of this and the Canadians or Ontarians do gain knowledge from the expertise of the Americans, isn't that wonderful too and now we can go off to the rest of the world and sell our expertise. We have to gain it from somewhere.

**The Chair:** Mr Prowse, I thank you very much for your attendance here today and your presentation.

## BLUE MOON HOTEL

**The Chair:** Our next presenter is the Blue Moon country inn, Mr George Schmalz, owner. We have had a cancellation of the last one so this will be the last presentation this morning. I'll declare my bias with Mr Schmalz's establishment, the Blue Moon country inn. I've enjoyed the hospitality of your establishment on many occasions as it is a fixture within Waterloo region, Mr Schmalz. I'd ask you to proceed.

**Mr George Schmalz:** Thank you, Mr Chairman. My name is George Schmalz and I'm the owner-operator of the Blue Moon Hotel, located in the hamlet of Petersburg,



a bedroom community of the Kitchener-Waterloo area. I want to thank you and the committee for the opportunity to appear before you today. I've also been asked by my neighbouring licensed operators in the townships of Wellesley and Wilmot in the regional municipality of Waterloo to voice our united support of Bill 75 as it relates to video lottery terminals and urge the government to implement them into the hospitality sector as soon as possible.

We, as an industry, are economically in dire straits and I can tell you from a personal perspective the urgency of the situation. I have operated the Blue Moon for 35 years this coming March and have been employed in the same 400-seat establishment since 1957. Our business is the K-W area. Without it, we would not survive. I have seen many changes over the years, some for the good and some not so good. For some of the younger committee members here, when I started in the hospitality business it was against the law to serve food with alcoholic beverages in taverns and bars. It was perceived as an inducement to drink more. More operators like myself are food and beverage operators and in the present state of the economy, every operator in Ontario, big or small, is giving food away. With 15,000 licensees in the province, the food consumption should keep our farmers very happy, and you can also throw in the hops and barley as well.

Our industry is in serious trouble. Sales in my operation are down 40% to 45% for the past three years. I lost 50% of my employees. My buying power is cut down and at times I have to go to the local grocery store to buy some items rather than to the suppliers, who demand a minimum delivery charge. I cannot blame them. They can at least control their costs, but we cannot. Lower revenues do not keep up with the fixed overheads that have nearly doubled during the last 10 or 15 years, along with the increasing day-to-day operating costs.

I understand from newspaper reports that about 100,000 jobs have been lost in the hospitality industry alone and that the bankruptcies have increased dramatically to an all-time high of 1,400 since 1992. I can tell you personally that my licensee neighbours, as well as myself, are on troubled waters. We have numerous methods of in-house promotions, added-value items and offering package deals for bus groups to both seniors and tourists alike. We feature special entertainment, do co-operative joint promotions and hire industry consultants, all to no avail.

Today's operators have tremendous financial pressures on them to keep on the straight and narrow. Inducements being offered by unscrupulous people promoting the illegal liquor, brew and wine substitutes find their way to some customer's table, or have them enjoy one of the reported 15,000 illegal grey machines referred to by the Minister of Finance in his May 8 budget. This does not put money into the provincial treasury. It is very difficult to try to operate legally, especially in these economic times when competitors are attracting your customers with illegal machines and products.

We need this unfair competition to stop now. The minister also referred in his budget that the government

was going to allow VLTs to help the hospitality industry, especially, he said, "We believe that VLTs, if implemented within tight regulatory controls and limited-access environments, can meet a legitimate entertainment demand and provide a significant stimulus to the hospitality industry." Our customers are changing today. We need and require the tools to meet tomorrow's challenges. Our industry needs a legitimate added-value product or service to help save the hospitality industry from collapsing. VLTs work as an attendance generator because they are an acceptable form of entertainment the public wants. They play them for entertainment, not to gamble. They are part of an afternoon or an evening out.

From a business point of view, the implementation stage for our industry should not be delayed and the timing be as soon as possible following the charitable casinos and the racetrack schedule. Delaying the implementation to our industry will mean the government will not be able to start receiving the over \$500 million annually from the machines allocated to our sector. Conversely, it means that the illegal, untaxed revenues from the grey machines continue to remain in the underground economy, along with other illegal products. Delay could very well result in having an initiative that the government intended to help the hospitality industry hurt it.

The reason is that during the first stage of implementation to racetracks and charity casinos, it will create business dislocation. Customers will gravitate to where they can legally play VLTs. We cannot afford to lose any more customers, especially in the business time and for the short time. As well, who knows if that customer will come back at all, or even how often. Delay will also mean, as I said earlier, the government will be delaying moving on the offensive against the illegal machines. It's very difficult to try to operate legally, especially during these bleak, tough economic times when competitors are attracting your customers with illegal machines. We need this unfair competition to stop now.

#### 1230

Independent research confirms this, as I believe you are already aware. I refer to the work conducted in Manitoba by Dr Barbara Gfellner from the University of Brandon. Dr Gfellner found that the average VLT player plays for 30 minutes once or twice a week and spends an average of \$10.00. She also said that most people who play VLTs do so on a moderate basis and perceive VLTs to be a modest form of risk-taking in an entertainment-oriented social environment — no different, I would add, from playing a game of shuffleboard, billiards or darts. Finally, the overwhelming majority, 85%, of VLT players reported that the most important reason they went to a bar or lounge was to relax, be with friends, socialize and meet people. It is an affordable and budgeted activity and viewed as recreational.

Around the province we witness a full selection of legal and illegal gambling opportunities. I have already referenced some of the illegal opportunities this measure will help control, but one does not have to go farther than your corner grocery store or bingo hall to find gambling opportunity. However, just as consumption of alcohol does not increase the overall level of alcoholism, the vast

majority of players gamble in moderation and experience no significant gambling problems. If the LCBO introduces a new brand of alcohol, it does not increase the overall level of alcoholism. With all the existing forms of gaming today — lotteries, bingo, horse racing, sports pools, break-open tickets — the introduction of a new brand of gaming, video gaming, will not significantly increase the potential for compulsive or problem gaming in Ontario.

I would like to take this opportunity to point out that the public supports the introduction of VLTs into our establishments. Our patrons and customers tell us this as well. Independent surveys conducted by Angus Reid and Environics Research confirm this.

I also suggest that your recommendations include a request to move the implementation of VLTs for our suffering industry to high gear. Our situation is bleak. We have all been hoping and praying that the government would take this progressive step and we are grateful that it has. Manitoba has amply demonstrated the positive results. We need the stimulus of this new form of entertainment and we don't have to speculate as to the outcome. Positive results are there already, as amply demonstrated in Manitoba.

**The Chair:** Thank you very much, Mr Schmalz. We have a little over three minutes for each caucus.

**Mr Crozier:** As part of your presentation you list here that you've done a number of in-house promotions offering package deals and bus groups to seniors and tourists, that you feature special entertainment, cooperative joint promotions, hire industry consultants, experts, and you said it's all to no avail. Why?

**Mr Schmalz:** We are in changing times. We are competing with charitable casinos out there that can operate to 4 o'clock in the morning. In the Sun last Monday I counted nearly 15 charitable casinos operating. Those take away business from us. We haven't got a level playing field, period. We need a level playing field.

**Mr Crozier:** Okay, and you've had a lot of experience in that. I just wonder why all those things didn't seem to work at all.

**Mr Schmalz:** I heard the first speaker here today with break-open tickets. I guess he fails to understand that if we don't have the locations to sell those tickets and we are those locations, we're out of business and so is he.

**Mr Crozier:** I appreciate that. You've also said about VLTs, and I quote, "They play them for entertainment, not to gamble." Do you really believe that?

**Mr Schmalz:** I do.

**Mr Crozier:** Why, then, wouldn't you get VLTs in your establishment and let people play them but no money comes out, as if it's entertainment?

**Mr Schmalz:** We are trying to attract more business and create more jobs.

**Mr Crozier:** But the point is, they like to gamble on them.

**Mr Schmalz:** As they do on shuffleboard, darts or anything else.

**Mr Crozier:** Then just say so.

**Mr Schmalz:** Well, fine.

**Mr Crozier:** That's why I asked you if you believed it, sir.

**Mr Schmalz:** I guess gambling is because you've got to put a quarter in, or a dime.

**Mr Crozier:** I'm trying to get a handle on what you really believe. Tell us right up front.

**Mr Schmalz:** We believe that, like I said, we need some new tools to work with to attract more people into our establishments.

**Mr Crozier:** But they do like to gamble on them, don't they?

**Mr Schmalz:** If you want to call it a form of gambling, yes.

**Mr Crozier:** It's a form of gambling, all right; it's the most addictive form.

The minister in his opening statement on August 6 said, "To assist Ontario's hospitality industry, the Ontario Lottery Corp will develop a plan to introduce a limited number of video lottery terminals at selected locations." You know, when they get done putting them in racetracks and charitable casinos there's going to be less than one per licensed location in the province of Ontario. What chance do you think you'll have to be one of those selected locations across the province?

**Mr Schmalz:** I have no idea.

**Mr Crozier:** That concerns me.

**Mr Schmalz:** It certainly is a concern, but I hope at that time we will be able to make our presentation as well, my presentation. It's no different from what I said earlier — I heard Mr Kormos say one to 550 people — if my business is on the other side of that township line or county line and I'm only granted one, yet my audience comes from that other part, it's unfair too but I have to look at the logistics. I have to accept what's there.

**Mr Kennedy:** What happens to your business if you're not one of the ones selected? I just want to read this quote to you from one of the states. Richard Syron from the Federal Reserve Bank of Boston says it's their experience that if the money is spent locally on gambling enterprises there's no new generation of wealth, that money not spent elsewhere locally is in essence cannibalizing other businesses in the area. If you don't get a machine, are you concerned that will take away from your business as it exists now?

**Mr Schmalz:** I'll be lucky to be in business a year from now, that's how grave it is. I'm not the only one; I'm talking for my neighbours as well. I'm talking about the licensees around our area. We see a big shift in audiences coming into our businesses. That's why we're looking at new tools to assist us in our business, to attract more people into our businesses.

**Mr Kennedy:** You've done that I think very effectively. You let us know that very clearly. What happens if you don't get one of those tools but your competing establishment does?

**Mr Schmalz:** I guess I'm gone.

**Mr Kormos:** I appreciate what you said about the competition of charity casinos but I'll bet those steamed hot dogs they serve at charity casinos are nowhere near as good as the food you serve. It seems to me that you want to diversify beyond the food and beverage business into the gaming business.

**Mr Schmalz:** You could be right, Mr Kormos, but in the environment we're in we are giving food away. Our



business means service, and if I have to cut my service I cut my volumes down. It's not an everyday operation where we can trust that we're going to have 100 people, 200 or 50 people.

**Mr Kormos:** I'm interested in this because I understand the motivation behind wanting slots: There are great profits to be made. I've never denied that, from day one, and never will. It's too obvious. I'm interested in this issue of job creation because the government promised 725,000 jobs, where they give us 20,000 slots; it doesn't add up to me. Ivan Sack — I don't know the man personally — the editor of Canadian Casino News, when he appeared before the committee, appeared to have some familiarity with the business. He said, "It is too early to say how many jobs would be" gained "by placing VLTs in bars and at racetracks." He pointed out that first the racetrack has to determine — we're dealing with race-tracks for a minute — how much of the racetrack betting is going to be cannibalized by VLTs. Many people are going to put their money in the slots instead of at the parimutuel counter. But he does note, "However, given that the racetrack already has cashiers, the job gains" in the racetrack "would be limited primarily to service attendants and repair people for the VLTs. The same would also apply to bars, where on the assumption that each licence is restricted to four VLTs, it would mean no additional bar staff, though additional attendants and roving repair people."

What we learned in terms of repair staff and maintenance people in the province of Quebec when we talked to them yesterday — with 14,500 slots, 300 people for the whole province. Those are the jobs that were created in terms of servicing the slot machines, moving them from place to place, roving technicians that Mr Sack is talking about. They had no handle or any idea of where jobs were created in the bar or tavern industry.

There is some logic. One of the nice things about slots is that you don't have to person them like you do a crap table or a blackjack table or a poker table. It's not labour intensive. Again, I understand why this makes them more attractive to you. If they're isolated they don't have to be monitored or attended, you can have a change machine, and as long as you control the age of the person going in there, that's it.

I understand the motivation: because of the great money involved in this business. I'm concerned, though, about the fact that you and your industry, in hard times, are being used as patsies by the government, I really am.

**The Chair:** Thank you, Mr Kormos. If we could move on to the government caucus, we have —

**Mr Kormos:** Carcass?

**The Chair:** Did I say "carcass"?

**Interjection:** Food again. Food is on his mind.

**The Chair:** Probably. It's Mr Flaherty and Mr Guzzo.

**Mr Flaherty:** Thank you for your presentation, sir. I was amused at I suppose the chutzpah of the Liberal speaker who said — I marked it down, it was so amusing — "I'm trying to get a handle on what you really believe." We've been at these hearings for a week and a half now. We're trying to get a handle on what the Liberal Party really believes, Mr Kennedy and Mr Crozier. At least Mr Kormos has the decency to take a

position which is against VLTs; whether his party supports him or not I don't know.

**Mr Kormos:** I'm being damned by faint praise here. I'm not sure.

**Mr Flaherty:** We don't know what the Liberals believe. Some days they believe in VLTs, some days they don't. Some days they want them at racetracks, some days they don't. They don't want them in your place some days, in Fort Erie they didn't, maybe here they do. I don't know. It's the position du jour; it's like the soup du jour with the Liberal Party. We don't know what they believe. Well, we'll find out. Maybe Mr Kennedy believes something different. Maybe they need to have a carcass meeting. We don't know.

In terms of job creation I think what my colleague Mr Young raised is really important, that we're talking to a significant extent in the hospitality business about small business, or relatively small business, in the province. We have heard repeatedly around the province — I remember hearing the exact same figure in Kenora that you used this morning for the hospitality establishment there, that they reduced their staff by 50%, by half, in recent years. What kinds of numbers are we talking about? How many people did you have working?

**Mr Schmalz:** We had up as high as 50 at one time. We're down to about 22 right now.

**Mr Flaherty:** What about summer students?

**Mr Schmalz:** We have one part-time summer student, that's all. We close at maybe 10 o'clock on a Saturday night because there's no traffic out there, where other people in certain market areas are open to 2. Casinos are still going at 4 o'clock in the morning; don't ask me why. This is the problem, we know: It's a business that is controlled by government, by a liquor licence board, what we can do in our establishments. But we have no flexibility to do anything else.

I look down the road: What is the future of our hospitality industry if these are the problems we have right now? Is there going to be one in the future? We've read about hotels in Toronto going for 50% of their market value, if not less. You talk to real estate salesmen. They can't give away a licence today, because the government is still pushing them out. You ask the control board, "Why are you still giving out licences?" "Well, you don't have any problem with bankruptcies." They don't look at it that way. So an operator starts today, he goes out of business, goes down the road and starts up again. He hits the retail sales people; he hits the breweries for not paying their bills. It's a chain reaction. We, the legitimate operator, are suffering from this drastically.

**Mr Garry J. Guzzo (Ottawa-Rideau):** How much time do I have?

**The Chair:** About a minute and a half, Mr Guzzo.

**Mr Guzzo:** Thank you very much. Forget it.

**The Chair:** We are recessing till 2:20 this afternoon.

*The committee recessed from 1243 to 1420.*

MALCOLM MACPHAIL

**The Chair:** Our first presentation is Hiawatha-Dresden racetrack, Mr Malcolm MacPhail. Good afternoon, sir.

**Mr Malcolm MacPhail:** How are you?

**The Chair:** Very well. Please sit down and make yourself comfortable. When you're ready you can proceed.

**Mr MacPhail:** Good afternoon, ladies and gentlemen. My name is Malcolm MacPhail and I'm pleased to be able to appear before you today in regard to Bill 75. I am here as a horseman, representing horsemen from southwestern Ontario. This includes Woodstock, Dresden, London, Sarnia and Windsor. I'm qualified to speak on their behalf because I'm also the president of the Ontario Harness Horsemen's Association, which happens to be the largest horsemen's association in North America, with over 5,000 men and women members. So although I'm here representing a smaller group of southwestern Ontario horsemen, basically all my comments also would be relevant province-wide.

The horse people I represent are not opposed to VLs. In fact, we are quite encouraged that the provincial government recognizes that racetracks have the business expertise, the security and the background in gaming that any VL operation will require. VLs, along with the industry tax relief, should assist the horse people greatly in this province, but it needs to be implemented in a manner that complements racing, rather than impacting negatively upon us.

Although we support the VLs, we have concerns that our parimutuel handle could be impacted upon by them. The racing industry needs to make the government aware that our livelihood — purses — is dependent upon a healthy bet. It would be poor thinking on our behalf to accept the idea that VL revenues will make up for our on-track revenue losses. We need VLs to complement racing and add to our revenues, which will restore Ontario harness racing back to our number one status, as we were in the mid-1980s.

Hopefully I can be convincing enough during this consultation process to inform you that the formulas and assumptions being put forward to the industry by the government are not in our best interests at this time. The horsemen are presently working on an industry business plan with OHRIA, the Ontario Horse Racing Industry Association, that will clearly demonstrate my point.

I will conclude my presentation by reiterating that we welcome a well-conceived VL introduction to Ontario racetracks, especially border tracks such as Windsor and Sarnia, just as long as we can make the government aware that there will be impact on parimutuel wagering, which again I add is our only source of wages.

We know our racetracks are competent, safe and secure. It makes great sense that VLs are placed in these controlled gaming environments. The racetracks have the parking, the amenities and have an awareness of the social issues associated with gaming, and in my opinion there are no better businesses capable of handling VLs than raceways.

Thank you. I will be pleased to answer any questions you may have.

**The Chair:** Thank you, Mr MacPhail. We have approximately five minutes per caucus and Mr Kormos is first.

**Mr Kormos:** Thank you, sir. We've heard submissions from horse race industry people, all facets of them from

across the province: from the Toronto area, from down Fort Erie way, large tracks, smaller tracks, the London fairground track. The government recently reduced its tariff on the betting down to 0.5%, which short of a few American jurisdictions where it may be 0% — I think there might be a couple where it's 0% — is among the lowest in North America — hopefully. You know what happened last time. The jockey club gets some kickbacks from the government and it makes promises about spending it on improvements, but somehow the money gets spent on other things. Jeez, those things happen. You know what I'm talking about.

**Mr MacPhail:** I know what you're talking about, yes.

**Mr Kormos:** You bet your boots.

**Mr MacPhail:** As president of OHHA I get that every day.

**Mr Kormos:** I'm told there's a proposition for here in Sarnia — Point Edward more specifically — a \$150-million proposition for a waterfront casino that's been talked about in the community. Are you aware of that?

**Mr MacPhail:** All I know is what I've read in the newspaper or heard on the radio.

**Mr Kormos:** I was just told about that. That's the sort of thing, it seems to me, that'll suck the very life out of the raceway in terms of cannibalization.

**Mr MacPhail:** There's no question about that. In the close proximity to a racetrack like Sarnia's, just down the road and maybe a couple of miles, I think Jim might as well close the doors if that happens.

**Mr Kormos:** Slots at your racetrack aren't going to solve your problem if that happens.

**Mr MacPhail:** No, not if that opened like that. I agree with you there.

**Mr Kormos:** The government is aware, because one of the leverages that the horse race industry has had with governments historically is that it provides high levels of employment. It's a labour-intensive industry and it translates into the surrounding community in terms of supporting farming activity.

**Mr MacPhail:** Yes.

**Mr Kormos:** So you've had that leverage, but my concern on the whole issue of the slots is that the government, at the end of the day, really isn't motivated by its interest in charities or its interest in the horse race industry or its interest in treating compulsive gambling. Government needs the cash. That's who's going to get the biggest chunk of this pie.

I suppose my concern — and Mr Boushy isn't here today. I'm told that around town he's not a big promoter of the slots. Somebody described him as an independent up here in Sarnia and a Tory down in Queen's Park. He's not here today, so we don't know where he's going to stand in promoting it, but I think you in the horse race industry —

**Mr Frank Klees (York-Mackenzie):** Are you here as an NDP or as an individual?

**Mr Kormos:** I'm here as a member of the Legislative Assembly who's had the courage to stand up for what I think is right and not to be whipped into shape by a whip's office or a House leader's office on the promise of little perks and trips. That's what I'm here on. The



government just sent Jim Brown to Atlanta to take a look at the Olympics. I'm sure that was an attractive trip. He's one of the government backbenchers.

In any event, the racetrack industry should be nervous about what's happening with this bill. Slots at the racetrack ain't going to protect you against the cannibalization of 20,000 slots elsewhere in the province.

**Mr MacPhail:** That's why we mention the cannibalization and the fact, even on track —

**Mr Kormos:** Yours is a refreshingly candid submission from your industry.

**Mr Tim Hudak (Niagara South):** Thank you, Mr MacPhail, for your presentation today. I was curious. A phrase came out that said racetracks should be worried about Bill 75. In fact, we've heard just the opposite. We heard that racetracks should be worried if no action had been taken. In fact, the racing industry was heading downhill fast without the actions of this government, especially when you talk about the casino expansion in Windsor. Some excellent management in Windsor has kept the track alive, but even they now, facing more competition across the border in Michigan, need these sorts of tools to move on.

At the Fort Erie track we were at two days ago, which is my home town, we heard very strongly from them about the big plans that they can have at the racetrack if Bill 75 passes and we proceed with the government's plans for the racing industry. Do you think that by putting VLTs at the tracks you're going to be bringing in new customers to the tracks, maybe bringing in some new racing fans, educating them about the beauty of horse racing and the skill involved?

**Mr MacPhail:** I think so, yes, definitely.

**Mr Hudak:** So when you talk about cannibalization, it's not whether the current dollar is going to be split 50-50 between VLTs or horse racing. You're talking about a lot of new customers coming in, the total revenue coming to horse racing.

**Mr MacPhail:** We're hoping that more come in than walk over from betting the horses to work with the VLTs.

**Mr Hudak:** So some brand-new customers?

**Mr MacPhail:** Yes, we're hoping there will be more of them than there is of the current gambling public that go to racetracks.

**Mr Hudak:** Somebody has commented too that the racing fan tends to be greying over time, that they're not bringing in as many new customers. Do you think this will help bring in a new type of racing fan?

**Mr MacPhail:** I definitely hope so, yes. I've been to Vegas a few times. I'm not a great fan but I've been there, and you do tire of fooling around, so I'm hoping they'll walk out and look at the horses going or look up on the screen and see them on intertrack. That's what we're hoping. You've got to induct them into horse racing some time and once they see the horses going, hopefully they'll put a few bucks down on the horses.

**Mr Hudak:** Exactly. In fact, if my research is correct, this has worked very well in some other areas, like Hollywood Park in California, and West Virginia and Delaware. At these other racetracks that have tried VLTs mixed with horse racing, have they seen greater attend-

ance in effect, and in some areas the purses have even gone up?

**Mr MacPhail:** Yes, they have dramatically in Maryland. I know that.

**Mr Hudak:** Even the dog racing, I think, in Rhode Island is another example.

**Mr MacPhail:** Is that right?

**Mr Hudak:** Yes. They have a track that was almost broke. It now has the highest greyhound purses around.

If the purses get raised like that, more customers coming in and generations of new customers, what does that mean for the average man or woman in horse racing? What does it mean for the farmer raising the horses?

**Mr MacPhail:** It means that in the last five years I've had to go from five brood mares down to one because the money's not there. I tried to negotiate last week with a fellow out of New York who has some horses in Dresden, and if they're not good enough for the Meadowlands, sometimes he sells them around here. I have a mare of his right now at my place, a filly actually, a three-year-old that's just not good enough and I said, "Well, I'll buy her for a brood mare." So if it's looking good enough, I'll get back in and buy another brood mare or two. That's what it means to me. Then I take her somewhere to have her bred and then I raise the foal. Everyone who does that, that's one more or two more horses around the country and two or three more people who are going to get something out of it.

1430

**Mr Hudak:** So more employment throughout Ontario, not just at the tracks.

**Mr MacPhail:** Oh, definitely, yes. That's the whole thing. That's the idea of it.

**Mr Hudak:** Ontario has a very proud history of thoroughbred, but if —

**Mr MacPhail:** There's no question about that. We've got the best in the world.

**Mr Hudak:** If we listened to the opponents of video lottery terminals and decided not to implement them in Ontario, if we listened to that and they wanted to keep the status quo — in fact, I would say, go backwards for horse racing — what would happen to the horse racing industry, in your opinion, if we did not proceed with this kind of bill?

**Mr MacPhail:** Our handle's steadily declining, and hopefully the new tax relief and these will bring us back up and put more purse money into the purse pools. That's what we live on, the purse pools. Every dollar that goes through the windows we get part of and that's all we live on.

**Mr Hudak:** So for these 40,000 people employed in the racing industry in Ontario in agriculture, the actions of this government are important for keeping those jobs and expanding these jobs?

**Mr MacPhail:** Yes. The action of this government has been good as far as the horse industry's concerned. We appreciate what this government is doing; there's no question about that.

**Mr Hudak:** Somebody might say that's just the blue bloods of the Ontario Jockey Club.

**Mr MacPhail:** No, that's not. I know the guys from the jockey club, but I work in Dresden. I was there this

morning driving horses. There's only just a little track. I live 12 miles south of Dresden on a farm and I'm not jockey club by any means. Windsor Raceway is closer, and Jim Henderson, and it's us who've got to survive, not necessarily the jockey club. I'm worried about the small tracks and the small people in Ontario. That's where I come from.

**Mr Ron Johnson:** I want to thank you again for your presentation. Are you familiar at all with some of the other success stories that have happened, not necessarily just in Canada but down south as well, racetracks and the positive effect the installation of VLTs has had? Have you followed much of that at all?

**Mr MacPhail:** Yes. I'm a director on the executive of HHI, which is Harness Horsemen International. We have two meetings a year and I go to every one of them. Our horsemen in — what's the name of that track in Maryland?

**Interjection:** In Delaware?

**Mr MacPhail:** Delaware. They were so bad off a couple of years ago that the track closed, so a bunch of horsemen got together and bought the track. Then they went to the Legislature and they got the VLs and stuff in it, and now —

**Mr Ron Johnson:** Now they're very successful.

**Mr MacPhail:** — their purses have gone from about \$20,000 a week to \$75,000 a week. They only run one day a week, and now they're going to run two days a week, or three or four.

**Mr Ron Johnson:** Yes. I understand it's gone from somewhere around \$9,000 up to \$75,000 purses.

**Mr MacPhail:** It's phenomenal.

**Mr Ron Johnson:** Yes. I guess that's the point —

**The Chair:** Thank you, Mr Johnson. We must move on.

**Mr Ron Johnson:** There's no point.

**Mr Crozier:** Good afternoon, Mr MacPhail. I happen to be one of those who supports what the Ontario Harness Horsemen's Association is doing and I appreciate the fact that you've come here today to let us know how you feel about the introduction of video lottery terminals in the province of Ontario.

I mentioned to you briefly before we started today that my association with the Dresden track goes back quite a way in that the very first horse race I ever went to in my life, I was in charge of balancing the tickets at Leamington Raceway. It was done through Kinsmen and it was done because of the cooperation that we got from folks in Centralia and Dresden. A lot of your Dresden people used to come down and run the parimutuel. It taught me one thing: It's a lot safer being behind the parimutuels than it is out in front of them. In any event, I say "safer" when it comes to my buck.

You've mentioned in the points that you covered here that the government formulas being offered aren't correct and will be harmful to harness racing. Can you just elaborate on that a bit?

**Mr MacPhail:** The way they've offered — they're talking about the splits — they're talking about 10% of the gross take staying at the track and we don't know whether that'll be enough to offset the cannibalization.

OHRHA, which is the horsemen's organization of tracks — thoroughbreds, standardbreds and everything — is trying to finalize a draft and then work with them. Now, if it's going to be enough, that's fine with us. But if it isn't, they'll work with the government. That's the only thing we're afraid of. An ongoing consultation process is all we're asking for.

**Mr Crozier:** That's a good point, because to one of the questions I asked one of our presenters earlier on this week or last, "Which would you rather have, the live handle or VLT income?" his answer was quick — the live handle.

**Mr MacPhail:** Oh definitely, yes.

**Mr Crozier:** I appreciate what you're trying to emphasize. I haven't any doubt — there's absolutely no doubt in my mind — that VLTs will be coming to raceways. In fact, Mr Flaherty was quoted in the Buffalo News on August 14 saying, "This government is committed to the introduction of VLTs in permanent charitable casinos, and the first place they will go is the racetracks."

**Mr Kormos:** This government should be committed.

**Mr Crozier:** There's absolutely no doubt. It was interesting to me that he didn't say they were committed to putting them in bars and licensed establishments, but that's another question.

**Mr Ron Johnson:** Read the legislation.

**Mr Crozier:** We're told this is just enabling legislation, that we're going to be given an opportunity for further consultation on that. There's the first time I've heard that it doesn't matter much what happens beyond this. I'm sorry to hear that.

**Mr Ron Johnson:** That's not what I said and you know it.

**Mr Crozier:** The legislation doesn't say what you proposed it said.

I understand your position. I appreciate the fact that you came here today and that you will continue to press the government for what should be, if it was to introduce something that will help the horsemen and the raceways in this province.

**Mr Kennedy:** We had some of your colleagues here throughout the time of the hearings and I asked some of them this question: Would you prefer to have no VLTs in the gambling marketplace, or VLTs and some of them at the racetracks?

**Mr MacPhail:** We've got to have something to keep bringing people to the racetracks. We've got to have something to bring them. If they can't get VLTs at the racetracks, maybe they're going to go across the border someplace, or to Vegas or the Windsor casino, something like that.

**Mr Kennedy:** Or their neighbourhood restaurant and bar.

**Mr MacPhail:** If they're there and not at the racetrack, we're dead.

**Mr Kennedy:** But if you could keep them away from restaurants and bars and keep them only in casinos, do you still feel you would need them to compete?

**Mr MacPhail:** Yes, I think we do.

**The Chair:** Mr MacPhail, thank you very much for your attendance here today.



### HIAWATHA HORSE PARK

**The Chair:** Our next presenter is Hiawatha Horse Park, Mr Jim Henderson, owner. Mr Henderson, welcome. I've never had the opportunity, but we passed your establishment on the way from the airport and it was a mighty fine-looking racetrack.

**Mr Jim Henderson:** It's fairly new.

I would like at this time to thank the committee for the opportunity to speak before you. We at Hiawatha Horse Park support the introduction of VLTs. We endorse 100% the report by OHRIA and Racetracks Canada that's been tabled on the introduction of the VLTs and working hand in hand with the government on the introduction of the VLTs to the racetracks.

The approach taken by the province, in our opinion, is a responsible one by bringing them to racetracks and charity casinos first. I hope that after a period of time of introduction at racetracks, we are reviewed and further consultation will be taken on what impact is being made on the rest of the industry.

1440

Hiawatha, along with all racetracks, has had controlled parimutuel wagering for a lot of years. We are experienced in the gaming industry. We work hand in hand with our communities, our charities, not only in employment, but in raising funds for local charity organizations. Hiawatha is a new racetrack and has the capability to expand into the VLT market very easily. We are kind of squeezed in the corner here in Sarnia. We don't have a lot of direction to go for patrons. We have Western Fair in Dresden. We're kind of bordered in by water, so our future is in the American market greatly. With the introduction of VLTs and the ability to attract Americans to the Sarnia area, it will increase our handle immensely. I think the same in the Windsor, Fort Erie and border communities; you'll see an increase in handle and not as much cannibalization as at some facilities.

We do know that there will be a cannibalization on the track because of the introduction of VLTs. Some of our patrons will go across and bet the machines instead of playing the VLTs, but also the people in Windsor and the north now within an hour of crossing to Michigan to go to northern Michigan and casinos will stay in this area a little more and we'll attract more people to this area.

The competition has increased, not only in the casinos and the lottery corporations and such; it has also increased in our area with the introduction of intertrack wagering in Michigan. Michigan had no intertrack wagering before this. Last year we were introduced to competition in the States. Tracks like Sports Creek introduced races from 14 different tracks at once and have taken away some of our patrons.

With VLTs, we'll realize some of those people coming back in this direction, but if we don't get VLTs and proceed with new forms of gaming in the industry, racetracks will suffer. If we're not allowed to have them at our facilities and they're off the sites, with the casinos and with the competition from the States, it will affect us if they're not allowed into Ontario at all. You're worried about putting them just in certain locations; we're worried

about them not coming. We need something to attract the patrons back to the tracks.

Wagering was not a big concern with us in Michigan before this intertrack. We attracted a lot of the hard core, the gambler from Michigan who gambled all the time, the big bettor, because he wanted to bet into the Toronto pools and bet several different tracks, so he came into Canada and wagered here. Now the larger gambler is staying in Michigan.

Our market has been reduced to such an extent with the introduction of all the gaming that the 2% or 3% patronage base that we had in Ontario has not mainly decreased, but we've shared those people with all the rest of the industry. I conclude that if we don't do something at the racetracks in the different forms of gambling to bring in new patrons and other customers, that will affect the tracks more.

I'm fairly new at this industry. I purchased Hiawatha in 1991, in receivership. It was only a three-year-old facility. We purchased it, we started it up again, we turned it around and we've kept it in the black. It's not been in the black by big numbers or anything — it's borderline red all the time — but we keep it in the black. We've got approximately 250 people who work at the track — part-time, permanent basis, school kids, university kids — and we're open basically as a seasonal facility for live racing, approximately eight months.

With the VLTs, it should increase into a year-round operation more and there should be more interest in live racing. That's our primary goal: to have live racing and larger purses. Larger purses will increase our horse supply, will increase horse owners, will increase grooms — more employment, more economic development to our area. If we continue to sit and not do anything with this industry — it's been, I guess, an old dog's business for so long. It's always been one way, more or less agricultural-society-owned and a few private enterprises. It's always been kind of stagnant and they rely on one thing only.

We found at the racetrack that our attendance has really been up, but our handle has dropped because of the way they've been wagering. I think if they had something else there to play, your wife would come. Today she maybe doesn't like the racing, but she'll play the VLTs. She'll have dinner with you and it'll be more of an evening and an entertainment facility. At the racetracks the VLTs will go hand in hand. I'm glad to be a part of it. We've seen a lot of changes since I've been in it five years. I don't want to go into any other form of operation and I think the VLTs will support the tracks. It'll increase purses and it'll eventually support the tracks.

My submission is very small. Thank you.

**Mr Rollins:** Mr Henderson, thanks for your presentation. This government has seen fit to cut back the percentage of taxes we receive from the parimutuel by about 6.5%. No doubt that is certainly a plus in helping your operation to put that money back into the horse purses and keep them a little bit larger.

The payback on horse racing for the dollar that the person bets at the window, what percentage of that is returned back to the public?

**Mr Henderson:** It's going to be dependent on the way we do this after the new legislation and everything takes effect, how all the takes are going to be split. The patron is going to gain with this tax reduction also. We're giving back to the patron in percentage and we're also giving back to the patron in other forms around the facility — in renovations, remodelling and programming — other forms at the track. As an industry, we've tried to take an approach where we could entice more people and, for the people who are patrons already at the track, to improve it and enhance it and make it a little bit better for the facilities. A lot of our facilities need to be spruced up and looked after a little bit better. I think it'll all go back to the patrons in different forms.

**Mr Rollins:** The percentage of that dollar going back to the patron is roughly 80%?

**Mr Henderson:** Right.

**Mr Rollins:** And in the VLTs it could be as high as 95%?

**Mr Henderson:** I'm not sure about the VLTs. We have no figures yet on how the VLT splits or shares are going to be handled at this time.

**Mr Rollins:** We've been privy to that information. I don't know exactly where it will be set at, but it can be set somewhere in the 85% to 95% range. That could be back. You don't feel that cannibalization of those dollars will affect your racing even though that machine's there? Because when that patron puts that money into that slot machine, it's not as advantageous to you as putting it through the window of the parimutuel.

**Mr Henderson:** No question. I said that the cannibalization on facility is going to change. But what I'm hoping for is that the Americans and the people who have gone to other facilities and other locations, that dollar will start to come back to us. I think that'll hopefully cover our cannibalization that we lose.

**Mr Ron Johnson:** I want to thank you as well, Mr Henderson, for your presentation. I've actually been one of the lucky ones. Instead of just driving by and seeing your facility, I was a resident here back in 1988 when it first opened; I believe it was 1988 or 1987. I was there for two years, so I had the opportunity of actually being a patron of the horse park and I can tell you it was bustling back then.

**Mr Crozier:** Were you playing under age?

**Mr Ron Johnson:** No. It was bustling back then, as was the industry, and there's certainly been a decline in the last few years. I hope this will help.

You indicated that cannibalization was going to be a factor, but you're not sure how much. Then you talked about — and this is what I thought was interesting about your comment — your ability to attract the US market to Ontario, to this facility, as a result of the VLTs. That is exactly what we have heard from other border cities — we were in Thunder Bay, we've been up to Kenora — same thing. They're losing people to the United States in terms that their own spending revenue is going to the US and they're unable to attract that American dollar north. I feel that this will help do that and I'm not so sure that you're going to see any cannibalization at all. In fact, you may find that the excess American dollars coming up

here are going to far outweigh any cannibalization effect. Anyway, good presentation.

1450

**The Chair:** Thank you very much, Mr Johnson. I apologize, Mr Klees. Time has elapsed. The opposition?

**Mr Kennedy:** I just want to focus again on that factor. How much do you attribute some of the recent struggles — and I appreciate your facility is operating in the black and I congratulate you on that. How much of the struggle, though, that you have reflected in your presentation is due to casino gambling, to some of the increased gambling that's happened in this province in the interim?

**Mr Henderson:** It's really hard to tell. There's no way of coming up with a formula to say that this many people are still coming out. Our attendance is still very good. We do really well on attendance. Our dining room is still one of the largest. We still have 1,000 people come out for dinner. We've been doing very well on that side. The part that we're worried about is how many dollars are bet. Those people don't have those dollars any longer. They've gambled them at different locations, different facilities, and it's taken away from the side that we get our revenue from for the horsemen, the purse structure and that side of the industry. That has taken a big hit at our track.

**Mr Kennedy:** So what kind of concerns do you have to the plan to roll these out into restaurants, licensed establishments, that is, and bars? If that happens extensively, how do you see that affecting your business, even if you have some on your site?

**Mr Henderson:** I don't know on that one. I can't give an answer.

**Mr Kennedy:** Is it a concern for you?

**Mr Henderson:** No question. If they were at the tracks, it would be a plus, and if they weren't at the rest of the facilities — I don't know if we're going to be that fortunate to say that they can't go anywhere else but at racetracks. If we could say that —

**Mr Kennedy:** That would be your preferred position?

**Mr Henderson:** No question.

**Mr Kennedy:** In terms of the impact overall — I appreciate you can't isolate it, you couldn't certainly put a dollar figure on it, but if you were to say to the government, "Simply focus on the gambling that we have, the racetracks, the casinos, let them prosper, don't introduce more forms of gambling until we have some health in terms of the economic spinoffs from that," would you say that, if you had the choice?

**Mr Henderson:** No, I don't think so, because I think what's happened, a lot of the patrons have gone. We've lost them because they want that continual play and they've gone to the casino and they've gone to Michigan to play at the Michigan casinos and intertrack in the States. If we didn't bring VLTs and they didn't have anything else come out, I don't think the racetracks will increase. I think the only way to increase them now is to bring a new form and make it an entertainment facility, make it a more enhanced facility at the tracks. I think we'd be better off in that turn than we would not having them at all.



**Mr Kennedy:** Do you have a projection on how many VLT machines, how many electronic slot machines, you would need to be able to have some viability? What would be the threshold for attractiveness in terms of — you say you have some of the crowds but you want to get more of the money into the different forms of gambling that would benefit the facility. Is that correct?

**Mr Henderson:** Correct. I'd like to get more of the money to stay in the facility.

**Mr Kennedy:** The threshold for you is 10% of the take. Have there been any projections done by yourself in terms of the number of machines?

**Mr Henderson:** We've worked with the figures, we've worked with the numbers. If you go out to the track — I'd welcome you all to come out and have a look at it this evening; it's live racing. We've got a large area in the top. We figured that we could hold 300 machines in that area. We have a huge area in the bottom. There's a countless amount of — it's as large as Windsor casino. It's a big facility. We could take as many machines as we could get in there, but I don't know what we can handle according to per capita. We're striving to bring them from across the border. I think with Detroit being so close and other large cities, we'll bring a lot of attendance into the city. I don't want to sour the people and have 50 machines come into the site or 100 machines and we get 2,000 people to come and play them. I think that would hinder us even more. It'll make people want to stay away. I think we need a good amount.

**Mr Kennedy:** So as far as you're concerned, you need a certain threshold. Is it fair to say 300 was a rough threshold for you?

**Mr Henderson:** That's what we were talking — 300, 400 machines.

**Mr Kennedy:** But you do understand that the minister has talked about something like 2,000 machines committed to all the racetracks in the province, with the larger racetracks getting them first. Does that raise concern for you?

**Mr Henderson:** No question. I think the smaller tracks, especially on the borders, we have to voice our opinions and we have great concerns that they might overlook us and say, "These are the big boys, the big players," and we're the small players in the field, and pass us by. We don't want to be in that situation. We need the dollars coming in the same as the larger facilities.

**Mr Kormos:** I appreciate your comments and you've been quite candid, but I'm interested in this business of being competitive. What's the closest Stateside gambling location?

**Mr Henderson:** Mount Pleasant, Flint, Sports Creek, they're all within 45 minutes, an hour.

**Mr Kormos:** Because, you see, down in Fort Erie, the Fort Erie track, a big-bucks track, said much the same thing as you did — down in volume of amount bet, down in attendance — yet the closest gambling facility to them is, gosh, a good 150 miles down the I-90 between Rochester and Albany, a native reserve, because New York state is not a gaming jurisdiction yet. Then you've got Windsor, which is the entire other end of Highway 3 from Fort Erie. Do you perceive that these US side

gaming opportunities are preventing people from coming to the racetrack?

**Mr Henderson:** No question. We've seen a drop in attendance since Sports Creek's been open. I've gone to Sports Creek, I've gone to Hazel Park. Hazel Park's 40 minutes from our track.

**Mr Kormos:** I've not been to Hazel Park. Tell me what's there.

**Mr Henderson:** A horse racing facility with intertrack wagering. The dollars are staying in the States now and not coming across.

**Mr Kormos:** These are horse tracks.

**Mr Henderson:** No question.

**Mr Kormos:** Because I believe that Michigan as well hasn't yet become a wide-open gaming jurisdiction.

**Mr Henderson:** It's opened up intertrack wagering in the States immensely now.

**Mr Kormos:** But so have we. Right? I mean, there are more opportunities to bet and more places to bet in Ontario now than there ever have been before. You don't have to drive to the track any more, you don't got to pay — albeit a modest, the admission fee is peanuts, it really is at the end of the day both for you and the bettor. But there have never been more places for the racetrack bettor in Ontario to bet than there are now in the province of Ontario.

**Mr Henderson:** But we already had a large track base in Ontario. We have a lot of tracks in Ontario. Michigan had a fewer amount of tracks with a greater population.

**Mr Kormos:** Fair enough.

**Mr Henderson:** Now we have there available to bet 14 racetracks at one facility.

**Mr Kormos:** I'm concerned, quite frankly, about the whole failure of American travel in Canada, especially — I appreciate when you're betting, it doesn't matter whether you're betting a buck or \$1.40; a percentage return is still a percentage return. But when it comes to meals, when it comes to buying other things, Americans are getting a 40% bonus by and large when they come here. So I'm amazed why that hasn't been as much of a draw as before.

In the last gubernatorial campaign New York stated a Republican, a Bob Dole-Newt Gingrich type of Republican, very similar — that's where this government got all its style from, down in New Jersey and places like that. So New York state's going to become a gaming jurisdiction very soon. One suspects that Detroit's going to become a gaming jurisdiction. If you say you need slots to compete, what's going to happen when Detroit and other Michigan racetracks respond in turn to have slots plus crap games? Then what is your next position going to be, because once again you're going to be uncompetitive, aren't you? What's next?

**Mr Henderson:** I have no idea. I have no answer for that.

**Mr Kormos:** I'm not saying I do. I'm just saying the Americans are going to respond in kind. They responded by building more racetracks. They wanted to keep more of their market. We understand that. We'd like some of it back. You say it's going to happen by putting in slot machines, but at the same time, you've got a proposal

here in Point Edward for a \$150-million casino development over here on the harbourfront.

**Mr Henderson:** Correct.

**Mr Kormos:** That's going to draw a lot of money, it's going to make a lot of money for the government, and the fellow advocating it, who apparently has really been leaning hard on these guys at Queen's Park, is going to be able to say a whole lot about the number of jobs it's going to create and the number of tourists it's going to attract. How does that cannibalize? It does.

**Mr Henderson:** No question, but hopefully, if that does occur, possibly we can put offtrack betting in the facility or we can gain back ground on other revenue, but we're going to have to work on it.

**Mr Kormos:** Because OTB hasn't worked for the racetracks in Ontario so far.

**Mr Henderson:** OTB, when it was in place, offtrack betting, we've done really well on the OT on network.

**Mr Kormos:** But Fort Erie's down in the amount bet. You're down in the amount bet. So all these new venues, that's what I'm saying, all these offtrack betting locations — I don't know how many there are in the province — haven't increased the amount bet. Hotels and restaurants say they're down too. Restaurants aren't selling as much food, aren't selling as much beverage. We heard that here today; we heard it in every other city we were in. The hotel-motel association, not selling as much food, not selling as much —

**The Chair:** Thank you, Mr Kormos. Our time allotted has completed. Mr Henderson, I'd like to thank you very much for your attendance today and your valuable input to the committee.

**Mr Henderson:** Thank you very much.

1500

**Mr Klees:** Mr Chair, while the other people are coming forward, I have a clarification that I believe is important for the committee.

**The Chair:** Yes? Do you want to make it now?

**Mr Klees:** Yes, if I could, please. It's relating to a comment made by Mr Kennedy, and I'd like to just clarify it for the record. He indicated that the minister had made the statement that these VLTs would be introduced first to large tracks and then to smaller tracks. That is not the case. The minister has never made that statement.

Second, I think Mr Kennedy said that there were some 2,000 VLTs that would be allocated to racetracks. That also is not factual. That statement has never been made by the ministry or anyone in the ministry. I think it's important just to clarify the record.

**The Chair:** Is there any comment on that?

**Mr Kormos:** Please, Chair, if I may comment on that.

**The Chair:** One minute.

**Mr Kormos:** One minute? How long did Mr Klees have?

**The Chair:** One minute.

**Mr Kormos:** Okay, I'll do it in one minute. The problem is that the minister says one thing one time and another thing the other. It was Jim Flaherty, the parliamentary assistant, who asserted so emphatically that during Prohibition more people died of alcoholism than in periods without Prohibition, a completely wacko state-

ment, one which, although he's formally been requested to provide authority for it, here he is, he's the representative of the ministry that monitors the sale and distribution of alcohol, he hasn't come clean.

So I appreciate Mr Klees trying to do damage control, but the fact is that it's too late, because these guys are all over the place. These guys change their line from day to day, they do spin-doctoring. They've got high-priced little mandarins at Queen's Park monitoring these hearings, reading the transcripts and trying to clean up the messes that these guys leave behind.

**The Chair:** Thank you very much, Mr Kormos.

## GAMING SERVICES AND SUPPORT CORP

**The Chair:** Our next submission is to be made by Gaming Services and Support Corp, Craig Hurst, president. Welcome, sir. We have received your written submission. I'd request that you proceed.

**Mr Craig Hurst:** My name is Craig Hurst, and I am here today in my capacity as the president of Gaming Services and Support Corp, a company that provides, as its name implies, services and supports to charities and non-profit organizations engaged in charitable gaming activities here in Ontario.

I am also a founding director of the Ontario Charitable Gaming Coalition, now known as Charities First Ontario; the founding president of the Break Open Ticket Program Management Alliance, the association of registered gaming equipment and service suppliers who provide products and management services to not-for-profit groups raising funds through the sale of break-open tickets; and the founding secretary of the Charitable Gaming Federation of Ontario, the organization of charity and commercial participants in the province's charitable gaming industry. You have previously heard presentations from all of these groups.

I am considered to be an expert in the area of charitable gaming and I bring a balanced perspective to the issues at hand, having been involved in the industry as a voluntary participant acting on behalf of numerous charities upon whose boards I sat and acting on behalf of a major charity here in the province before becoming a commercial participant. I have also owned and operated a commercial gaming service and supply company in Alberta and have direct experience with the gaming environment in that province. Indeed, I was called upon as a witness to the legislative review committee on lotteries in the province of Alberta and presented on two occasions, once in Edmonton and once in Calgary, to speak to their industry on the effects of video lottery terminals in that province.

Bill 75 has many strengths and weaknesses, and I would like to bring some of those to your attention. The Alcohol and Gaming Regulation and Public Protection Act, 1996, is clearly a step in the right direction in terms of efficiency and consistency. It will strengthen the functions of the existing Liquor Licence Board of Ontario and the Ontario Gaming Control Commission through their merger. The selection of a common chair to head these agencies was a wise choice on the part of the government, as the merging will be smoother as a result



of the pre-existing impact of Mr Clare Lewis's management techniques upon them.

One concern that is eliminated as a result of this common chairmanship is the concern around which area of responsibility will receive the most attention. In other jurisdictions where the same merging has taken place, liquor issues have dominated gaming, as the more established and traditional liquor boards or commissions have had larger infrastructures, more senior staffing and larger budgets under the prior administrations and therefore have been the stronger of the partners in the new structures.

The gaming industry in Ontario should take comfort in the fact that the Alcohol and Gaming Commission of Ontario will presumably be chaired by a person who has a longer involvement in gaming administration and regulation than in liquor.

I raise one question, though, as I hear so many deputations from our colleagues in the horse racing industry. Perhaps one of the things this bill should consider is the merging of the Ontario Racing Commission with the other two as well.

It is hoped the new commission will be more effective and adequately resourced, particularly in the areas of registration and enforcement. The charitable gaming industry in Ontario has grown significantly over the last six years, especially since the introduction of the Gaming Control Act, 1992, but the Gaming Control Commission has never been able to catch up.

In 1993, tens of thousands of new registrations for companies and individuals were applied for, and the staffing component in place to deal with this surge was apparently designed only to address the needs of an established registration process. Applications took months to process while the applicant was required to wait in limbo, not being able to function until approval and being denied the income and opportunity of participating in the charitable gaming industry. The big losers as a result of these delays were the charities and non-profit organizations which were denied the net revenues of the activities the potential registrants were to engage in on the charities' behalf. Delays and lost opportunities cost the charities of Ontario millions of dollars over the last few years.

It is hoped that the merging of the LLBO and OGCC would enable the new commission to enhance enforcement of the respective regulations. On Monday we heard from liquor board employees who stated that the board is currently understaffed in terms of inspectors and that the introduction of video lottery terminals would be impossible to oversee without additional staffing. These concerns mirror those of us involved in charitable gaming. As the charitable gaming industry exploded, enforcement of the regulations lagged far behind. Reported infractions became too numerous to investigate, allowing the violators to carry on unchecked. This caused much hardship in the industry, as those charities and commercial operators living to the letter of the law paid severely for the gains of those who were not.

I encourage you to ensure that the new commission is adequately resourced in order to manage the registration and enforcement of the liquor and charitable gaming industries. The integrity of the government and these sec-

tors is dependent upon this. I for one support tougher standards, and I know my industry colleagues would agree.

I support part I, section 1 of the bill as it details the appeal of a commission decision in Divisional Court on questions of law only. This process should not be removed from the final bill, as it makes the commission more accountable for its decisions and presumably less biased.

Part I, section 14 is acceptable, but I urge you to refer back to last Wednesday's presentation by Mr Ivan Sack, the editor of Canadian Casino News. He most articulately described to you an unfair licence fee structure that exists in this province, as compared with the states of New Jersey and Nevada in particular. Without question, higher fee structures have discouraged many of the undesirable parties from entering into the gaming industry. Unfortunately, it has also discouraged many desirable parties, particularly small, Ontario-owned business entities that have the ability to create thousands of new jobs in this province. The licence fee structure should be fair to all parties — government, charitable and private sector alike — and not be discouraging investment in this vital, made-in-Ontario industry.

In Bill 75, part II, section 6, the amendments to the Ontario Lottery Corporation Act add the definitions required to allow the Ontario Lottery Corp to operate video lottery terminals. This is something the charitable gaming industry conditionally supports. We refer you to reports that have been conducted by the Angus Reid corporation that indicate that Canadians are 54% against video lottery terminals, while only 29% are in favour. One wonders about the political equities that can be gained by such an introduction.

#### 1510

You heard presentation this past Monday from Terry Sisson, the chairman of the Charitable Gaming Federation of Ontario, stating that the federation supports the introduction of video lottery terminals in racetracks, casinos and bingo halls, but that further expansion into other venues such as liquor-licensed establishments should not take place until such time as a long-term strategic plan for the Ontario gaming industry is developed, inclusive of the issues of the horse racing, government gaming, charitable gaming and native gaming sectors. As the drafter of the Charitable Gaming Federation's position, I strongly support it. It enables the government to proceed with video lottery terminals as a much-needed source of revenue before the very negative social and fiscal impacts of having VLTs in non-gaming environments are felt. It will allow the existing gaming market to adjust to and prepare for further VLT development.

One other aspect of the bill that I think needs to be brought to our attention and certainly is an issue that the gaming industry is concerned about is that the bill allows for the further operation of charitable gaming activities by the Ontario Lottery Corp. This decision too needs to be factored into a long-term strategic plan. Many of us are not supportive of that ability on the part of the Ontario Lottery Corp.

This province is host to one of the largest and most diversified gaming markets in the world. It has benefited

the province substantially in terms of economic growth and the improvement of quality of life of our people, especially through its contribution to charities and non-profit organizations in every community.

You've been told by various presenters representing such organizations as the Ontario Video Gaming Corp and the Ontario Hotel and Motel Association that VLTs have not had an impact on existing gaming markets that the statistics, especially Alberta's, support.

You were shown a graph that indicates a decrease in break-open ticket sales in Alberta from \$250 million to \$100 million prior to the introduction of video lottery terminals and an increase in revenue for charity casinos from \$100 million to \$250 million during the same period, 1990 and 1991. The graph was inaccurate. The facts are that break-open or pull-ticket sales during 1990 in Alberta were a mere \$106 million, not a quarter of a billion dollars, and fell to \$103 million in 1991 and have subsequently fallen to \$61 million since the introduction of video lottery terminals in 1992-93. The loss to charities has been almost \$10 million in net profits, or 43%, over that period of time. One might also bear in mind that Alberta had no third-party or convenience store marketing of break-open tickets, and it is clearly anticipated that this issue will cause a greater erosion of net profits to charities from this activity.

It is also important to note that this province has no specific data on the total size of the charitable gaming industry, as indicated by International Gaming and Wagering Business magazine and indeed by our own gaming commission.

Gross revenues for charity casinos went from \$192 million in 1990, not \$100 million, to \$224 million in 1991, \$243 million in 1992, and peaked at \$295 million in 1993-94. These figures for charity casinos would indicate an increasing benefit to charities of 53%, but it hasn't happened. Largely due to the introduction of video lottery terminals, charity casino net profits have remained relatively flat, increasing from \$18.7 million in 1990 to a high of \$22.8 million in 1993-94, an increase of only 22%. Net profits for charity casinos in 1994-95 fell to \$19.1 million, barely \$400,000 more than the 1990 net revenue, with an almost \$97-million increase in gross sales.

Annual bingo net profits to charities have declined by \$1.4 million per annum during the same period, but most of that decline has taken place since the introduction of video lottery terminals in 1992-93. To say that VLTs have not had a direct negative impact on charitable gaming, to use the words of Mr Marshall Pollock, is being "less than honest with the facts," if I may quote from his statement to you last Wednesday. Charities in Alberta and the other provinces have indeed suffered since video lottery terminals came in.

Charitable organizations and their volunteers have had to work doubly hard to maintain status quo funding in charitable gaming activities in Alberta at a time when Ontario's charitable gaming industry has doubled both in gross volume and net profits. Don't allow this to happen here.

The government has indicated to the public that \$180 million of VLT profits will flow to the charitable sector.

This is a noble statement, but no outline or model of how these moneys will flow or for which organizations they will be eligible has been articulated. If this amount is to represent 10% of video lottery terminal values, the legislation should state that.

The definition of "charity" needs to be included in this legislation, and I support the position of Charities First Ontario on this issue. Charitable gaming has allowed charities and non-profit organizations to be entrepreneurial and self-supporting in their revenue-generating activities. A convoluted grant application process will take away that attribute and will likely see more money flow to the organizations that have good grant application writers and not necessarily the greatest need or benefit to the needs of the community.

VLTs will without question cause communities to suffer in some ways unless a long-term strategic plan for gaming in Ontario is developed.

In closing, I would like to remind you of the 15,000 to 20,000 illegal VLTs that are in place in this province. According to Sergeant Larry Moodie of the Ontario Provincial Police, many of them are in the very same bars and restaurants that the legal machines are supposed to be going into. The Ontario Hotel and Motel Association and its members have admitted that this is so. As a province, we should be careful in entrusting this group to carry on the legalized form of this activity on our behalf.

I thank you for your time.

**The Vice-Chair (Mr Ron Johnson):** Thank you, Mr Hurst, for your presentation. We're going to go questions now, starting with the Liberal caucus, a minute and a half per caucus.

**Mr Crozier:** Thank you for your presentation. There's a lot of information in there that we've heard, as you say, from other organizations, but having it all put together is helpful. I want to ask you, because of your experience in the charitable gaming industry, what effect it might have on charities when they have to go to the government and get this new enhanced \$180 million of funds that will be available.

**Mr Hurst:** I was the volunteer chairman of the trillium committee for the Canadian Mental Health Association, Ontario division, office in the late 1980s. As such, I had to make the applications on behalf of that organization to the Ontario Trillium Foundation. It was a very onerous and difficult process. It had matched funding requirements. It required a tremendous amount of academia application in the process of writing grant proposals, and indeed it created an onerous amount of accountability after the fact for maintaining, supporting and legitimizing the grants that had been given. Indeed, I would say that the work required to develop, maintain and fulfil the long-term obligations of a Trillium grant was much greater in terms of the dollars and cents and the number of hours required than is the charitable gaming industry. I think that if we move in a further direction towards that type of thing, many charities and non-profit organizations will lose out.

**Mr Kormos:** Thank you, Mr Hurst. When all of us came in here today, there's a little display set up in the foyer of the hotel, and when I saw those people wearing those Mickey Mouse ears, I thought it was a political



statement about the quality of planning that the government had committed to this whole endeavour, because it really is pretty Mickey Mouse. We haven't seen a single bit of research by — you name it — Ernst and Young, Coopers and Lybrand, any number of firms that have experience in gaming. We haven't seen a single bit of research to indicate what would be the anticipated gross amount bet, what would be the structure of the payouts for charities, what would be the net revenues for hosts, or locations in which the machines are placed, what would be the net revenues for the owners of the machines. Not a single study, not a single bit of research. Everything has just been guesstimates, not even akin to estimates.

The number of \$180 million is of course tossed about as the amount that will be given to charities. Nobody's telling anybody who, when, where, why and how. We're still unclear as to whether it's \$180 million being 10% of the net revenues or 10% of the gross. This really is a Mickey Mouse operation.

1520

**Mr Klees:** Thank you, Mr Hurst, for your presentation; some very thoughtful recommendations. Contrary to what Mr Kormos is suggesting, the reason we're here conducting these meetings is to get the kind of input you're presenting to us. We wouldn't be here if we weren't interested in your input, if we weren't interested in the input from other presenters. In fact, the comments that were made by Mr Sisson in terms of the rollout of VLTs into the province — he's actually gone further than we have, as you know, because we made the statement that we feel they should initially be introduced, in the interest of security and really understanding what the impact is in the community, first of all to racetracks and charitable gaming halls. Then we would do an assessment, then we would do a careful analysis before we considered introducing them to the rest of the licensed establishments. We appreciate the things you've brought forward to us. There will be further consultation. We look forward to working with you, and your member organizations as well, in working out some of those details.

**The Vice-Chair:** Mr Hurst, on behalf of the committee I want to thank you for your presentation.

#### KILROY'Z ON KILDARE

**The Vice-Chair:** The next presenter will be Mr Jack Barker, owner of Kilroy'z on Kildare bar. Good afternoon, sir.

**Mr Jack Barker:** I own a small bar in Windsor, and since the introduction of Casino Windsor I've seen my revenue going down 40% to 50%. To offset this we need something, which is VLTs. Premier Harris, when he got elected, said he would help compensate any business that got hurt by Casino Windsor. For our compensation we need VLTs, plain and simple.

Night after night I see my customers come in, maybe have one, two drinks. "Let's go to the casino." What have I got to offer? We've cut our food prices to the bone; I never raised my liquor prices at all. It's just that the casino's there, all the lights and the glitter. I have a pool table, shuffleboard, darts. It's not that any more. People like to gamble.

If we don't get the VLTs, we're doomed; it's simple. I had eight employees; now I've got three. We keep talking and talking, "We're going to get this. We're going to try and get this," and now there's so much negative going out about the VLTs. Then they talk about the machines that are the grey area, the illegal machines. We're just being pounded. So I'm in support of the VLTs. This is all I'm here for, just to tell you I am. That's it.

**Mr Kormos:** Thank you, sir. I appreciate what you say because it's what the Ontario Restaurant Association said approximately a year ago when it assessed the impact of the casino on local businesses. This was, as you'll recall, the concern about the casino back in 1993. There were strong competing interests. I was at those hearings in Windsor. They were sitting in Windsor along with other places. I'm not suggesting you were one of the people who came forward, but a whole bunch of your colleagues, including people who purported to represent you — to wit, the chambers of commerce, those sorts of people — were saying, "By God, Windsor needs a casino because downtown businesses, restaurants, hotels, taverns need the shot in the arm." Do you remember that at all?

**Mr Barker:** Yes, the downtown Windsor hotel association.

**Mr Kormos:** That's right, the hotel-motel association.

**Mr Barker:** I'm 10 minutes away. I could be 500 miles away. It doesn't matter.

**Mr Kormos:** They were plugging it like mad. The restaurant association was plugging it, and then the restaurant association, as I say, approximately a year ago released a study confirming exactly what you say. Again, I understand why you want the slots. They're fast cash; I understand that.

You heard what I said earlier, and that is that I am concerned now, as I was concerned in 1993, about the lack of a real understanding of the impact. I think you have to wonder about, if everybody has a slot, how much capacity there is for the community to keep on feeding those coins in there.

How has Dwight Duncan responded to this? I notice you carbon-copied him.

**Mr Barker:** You see how Dwight Duncan now is? He's now running for the party leadership and his big platform is against the VLTs.

**Mr Klees:** That's now. What was it before?

**Mr Kormos:** No, no. That's fair enough.

**Mr Barker:** I took one of my grey area machines and plunked it on his desk and said, "Here, we're going to see one of those."

**Mr Klees:** His position next week might be different again.

**Mr Kormos:** Mind you, I don't know. Dwight Duncan might want to take a card from my books. I ran for leadership opposing VLTs and I lost, so he might want to reconsider.

**Mr Barker:** We just need a level playing field.

**Mr Young:** There were other reasons, Peter.

**Mr Kormos:** Yes, the other guys got more votes.

I understand what you're saying, but you know what my position is. You know what it was on casinos and you know what it is on the slots. I don't think they're the answer. The government hasn't produced any documenta-

tion. That's what failed us with the Windsor casino introduction. We didn't have any hard data. We had wannabes and wishes — "I hope it's going to be."

**Mr Barker:** Yes, but the casino is there now. The steel riggings are all going up, so we know it's there, it's permanent.

**Mr Kormos:** There are going to be 50 more across the province, these so-called charity ones.

**Mr Barker:** Last week three bars just closed down in Windsor. One had been in business 47 years. You can talk to any of them and they say business is down 30% to 40%.

**Mr Kormos:** The Windsor Raceway is going to be here later today saying it wants slots too — it's going to be making its submission later — because it needs a piece of the action. They feel they've been cannibalized by the casino and other gaming. So you're going to be competing with the Windsor Raceway in some respects. I'm not satisfied that it's the answer, but God bless.

**Mr Klees:** Mr Barker, thank you for your presentation. I'd like to just take a minute because of what you said about Mr Duncan and his position. I think it's important we get some clarification as to who stands where on this issue and what we are trying to achieve. I think the government's position is quite clear. I tried to clarify that a little bit earlier today.

What we also know is where Mr Kormos stands. We have to respect the fact that Mr Kormos, from the beginning, has been very consistent on his position. He is categorically opposed to VLTs in any form anywhere. Unfortunately, we don't know what his party stands for, and time will tell as to where his party ends up on this issue.

What continues to be a bit of a confusion for us, though, is where the Liberal Party stands.

**Mr Crozier:** Careful. I've got an answer for you.

**Mr Kormos:** We knew where Mike Harris stood in 1993.

**Mr Klees:** That's what we are trying to get a handle on. My understanding is that the Liberal position is that they are prepared to support VLTs in racetracks and charity gaming halls; they are not prepared to entertain supporting extending VLTs to the small business people in the province who are experiencing tremendous stress, as you have expressed to us here. By the way, we've heard for the last two weeks consistently, from the hospitality industry, from the tourism industry, that you people are having a very difficult time competing with cross-border options that people have, competing with the existing circumstances of the economy. You're going deeper and deeper into debt; there's a loss of jobs. I cannot understand, and I'm prepared to give some of our time to Mr Crozier to help explain to us why they're prepared to —

**Mr Crozier:** You're digging the hole deeper.

**Mr Klees:** — support VLTs for racetracks and charitable gaming halls, but they're not prepared to support the small business sector in this province that needs our help more than any other sector. Mr Crozier, would you confirm your position for us?

**The Vice-Chair:** I'm sorry, Mr Klees, but I have Mr Young on the list as well. Mr Young, you've got two minutes.

1530

**Mr Young:** I'd like to hear Mr Crozier's answer as well, because some people who work in the hotel and motel industry told me that prior to the last election the Liberal Party promised them that they would agree to taking VLTs in hotels and motels and restaurants. So I want to hear the clarification too. Please go ahead.

**Mr Crozier:** That person from the hotel-motel industry is here. I would have thought that he would have told you that kind of off the record; I'm surprised at that.

**Mr Young:** I didn't say that person, Mr Crozier; people in that industry.

**Mr Crozier:** But the important thing was that it wasn't in our policy.

I'm glad you came here, Mr Barker, because you've heard these guys chanting over there about how they don't know what the Liberal position will be next week. I'll bet you dollars to doughnuts that you remember last year, during the election campaign, when Mr Harris said he didn't want the government to receive profits from its Windsor casinos.

**Mr Kormos:** Mike Harris?

**Mr Crozier:** He even threatened to shut the successful tourist attraction down. Do you remember that? He changed the next day.

**Mr Kormos:** He might have just lied.

**Mr Crozier:** You know, Mr Harris and Mr Eves said in Hansard, in the House, in 1993 —

**Mr Hudak:** What do you say, Bruce?

**Mr Crozier:** I'm getting to that: "As Donald Trump says, 'Gaming doesn't come cheap.' I have to agree with a lot of the critics on that. It brings crime, it brings prostitution, it brings a lot of things that maybe areas didn't have before. There is a big cost to pay."

**Mr Kormos:** Who said that?

**Mr Crozier:** That was said by Harris. He also said in 1993, "Every officer and every policing dollar that goes towards casino crime or that kind of criminal activity is a dollar that's taken away from fighting the crime that currently exists on our streets."

The finance minister said, "VLTs could create a lot of social problems in society." This was when he was finance minister. "Lots of other provinces have introduced VLTs and lots of other provinces have had social problems as a result of VLTs." He said that in the Toronto Sun, March 24, 1996.

Sir, I have 58 pages of Hansard.

**Mr Hudak:** Liberal positions?

**Mr Crozier:** No, they're all Eves and Harris quotes, and there is not one of them that supports VLTs. They all damn that kind of thing.

I wanted to add, after Mr Harris said in Windsor — he even threatened to close down the casino till his spin people got to him that night and said, "My God, Mike, you're throwing the campaign down the drain."

**Mr Kormos:** They must have slapped him six ways to Sunday.

**Mr Klees:** He might lose all those seats down in Windsor. He might lose all those seats in Essex county. That was the big threat, Bruce.



**Mr Crozier:** It damn well shows you what happened, didn't it?

**Mr Klees:** I tell you, we had a lot to lose on that one.

**Mr Crozier:** For somebody who's lost twice in Essex county, I wouldn't bring up Essex county.

You see, folks, I try to be a reasonable person, but when they start to goad me I'm ready. You don't fool around with the old man.

Mike Harris also said, "I don't want \$1 million a day in the province of Ontario. I don't want the money." This was about gambling. "I don't want the Ontario government to have it." We know how much he's changed, hasn't he?

**Mr Klees:** Bruce, you're going to run out of time. Give us your position.

**Mr Crozier:** Here's my position, and this was in a press report. He has led you to believe that I don't support VLTs in restaurants and bars like yours. I have said, and I believe this to be the case, that this form of gambling is particularly addictive, especially for the young and the less well off. Yet the Tories are pushing full steam ahead to put slot machines in neighbourhood bars and restaurants, but here's the hooker, because they don't —

**Mr Hudak:** The what?

**Mr Crozier:** They don't listen or read. Okay?

**Mr Young:** We never said that.

**Mr Crozier:** Well, you don't want to bring up hookers either. Here's the hook, because these guys don't think when they open their mouths half the time.

**Mr Klees:** Now, that's not nice.

**Mr Crozier:** Here's what I went on to say: "without proper consultation with the communities affected." You see, they didn't listen to that. Okay?

**Mr Klees:** That's incorrect.

**Mr Crozier:** I'm quoted as saying that. I have come to the conclusion, and I said this in my opening statement to the minister — as a matter of fact, it was one of the weakest statements I've ever heard a minister make in that he didn't have answers to questions. He didn't have any idea —

**The Vice-Chair:** Mr Crozier, I'm sorry. We have run out of time.

Mr Barker, on behalf of the committee, I'd like to thank you for your presentation.

**Mr Young:** Mr Chairman, on a point of order: I'd like to ask for unanimous consent from the committee for Mr Crozier to take another minute to complete his position for the committee.

**Mr Klees:** Agreed.

**The Vice-Chair:** Unanimous consent?

**Mr Crozier:** That's not a point of order.

**Mr Kormos:** Come on, Chair.

**Mr Crozier:** He doesn't want to let me —

**The Vice-Chair:** He's asking for unanimous consent. I understand it's not a point of order, but he is asking for unanimous consent for one minute.

**Mr Kormos:** Speaking to that, Chair, I did want to introduce — by God, they rushed out after that last presenter — Liz McGregor, who's a senior staff person for the minister who travels with these hearings, and a communications person who travels with these hearings. They had to rush out after that particular submitter —

**The Vice-Chair:** Mr Kormos, do we have unanimous consent to give Mr Crozier one minute to wrap up his remarks?

**Mr Kormos:** Yes, please.

**Mr Crozier:** So what I've said is, and you will see this — I don't know when you want us to put amendments on the table. I think it's a little too early because the government hasn't put any amendments up. You know why they haven't put amendments up, folks? Because they're not going to make any changes in spite of what you've brought to the table and the other presenters have —

**Mr Kormos:** I think they will, Bruce.

**Interjection:** You want to bet on that, Bruce?

**Mr Crozier:** The position I'm taking back is that before slot machines are introduced to neighbourhood restaurants and bars, there has to be proper consultation with the communities affected. We're going to move a resolution to that effect, and I'll bet you 10 to one it's turned down.

**Mr Klees:** That's our position, Mr Crozier.

**The Vice-Chair:** Thank you very much, Mr Crozier.

#### OAK'S INN

**The Vice-Chair:** The next presenter would be Mike Childs, general manager of Oak's Inn (Wallaceburg) Inc. Good afternoon, sir.

**Mr Mike Childs:** Good afternoon.

**The Vice-Chair:** You're entering a bit of a political frenzy, it seems, but we're going to hear you out.

**Mr Kormos:** No, no. We were just pointing out that Mike Harris and Ernie Eves lied several times on this issue and will probably continue to do so.

**The Vice-Chair:** He goes on like that. Mr Childs, you'll have 20 minutes for —

**Mr Kormos:** Mike Harris and Ernie Eves do go on like that. They lie like rugs.

**Mr Young:** That's unparliamentary.

**Mr Kormos:** Of course, but it's true.

**The Vice-Chair:** Mr Kormos, please.

**Mr Kormos:** Well, it's true. The record's there.

**The Vice-Chair:** Mr Childs, you'll have 20 minutes for your remarks and you may wish to leave some time for questions from members at the end of that. You can begin any time.

**Mr Childs:** Mr Chairman, committee members, thank you for the opportunity of speaking today. I'm Mike Childs from the Oak's Inn in Wallaceburg. We run a family-run operation, a full-service motel, restaurant, lounge and motel rooms.

What I'm here for today is that I'm very much in support of Bill 75 as it pertains to VLTs. Our industry is in serious trouble. Sales are down 20% across the industry. We have lost about 100,000 jobs, with 1,400 bankruptcies since 1992 in our industry.

In my business the average consumption per person has dropped. We understand the reason behind this and we understand that that philosophy or that style of drinking and a reduction in sales is here to stay. We are supportive of that concept; we do not believe in overconsumption of alcohol. But at the same time, that's what part of our sales are driven from.

Not only is the average consumption down; the length of stay is also down. We've gone to other forms of activity in our lounge to try to prolong their stay, such as large-screen TVs, darts, pool, other things that can entertain the patrons while they are there and increase the duration of their stay. As well, in our lounge operation we've seen an ongoing increase in food sales. So we are doing things ourselves to try to promote an increase in sales in that area.

1540

The Minister of Finance, in his budget on May 8, said the government was going to allow VLTs to help our industry. Specifically, he said, "We believe that VLTs, if implemented within tight regulatory controls and in limited-access environments, can meet a legitimate entertainment demand and provide a significant stimulus to the hospitality industry." Minister Eves also referred to the 15,000 illegal machines that are out there.

It is important for VLTs for the hospitality industry to get implemented as soon as possible. If so, there are several points that would do.

First of all, the government would start receiving an estimated \$500 million annually from this sector. It would reduce the illegal, untaxed revenues from the grey machines, the underground economy, and allow our sector to keep pace with racetracks and charity casinos. We cannot afford to lose any more of our customers. It also works as an attendance generator. It's a form of entertainment and it would allow our industry a chance to see increases in sales that we've not seen for years. As well, competitors would no longer be able to attract our customers with illegal machines.

I'd like to make some other points. Once again, this is all in printed material that's been handed out. Independent research confirms this, as I believe you're already aware. I refer to the work conducted in Manitoba by Dr Barbara Gfellner at Brandon University that shows the average VLT player plays for 30 minutes once or twice per week and spends an average of \$10. She also says most people who play the VLTs do so on a moderate, budgeted basis and perceive VLTs as a moderate form of risk-taking in an entertainment-oriented social environment.

I believe a lot of the printed information you've already received with reference to the different things. Research has shown that 2% of the population are potential compulsive gamblers and another 3% to 5% may experience some problems. It's a very small percentage.

The executive director of the Canadian Foundation on Compulsive Gambling says, "Prohibition is not the answer; education and treatment is." Dr Jacobs, vice-president of the US National Council on Problem Gambling, said in an interview on Canadian television: "The majority of the population has no problem with gambling. For most folks, gambling is just fun and games, but for the small minority who have a problem, it can be devastating and we have to develop programs to help them."

Mr Chairman, on behalf of myself, the employees I still have and those I wish I could possibly hire in the future, I urge you and your committee to recommend to the government quick passage of Bill 75. We need the stimulus of this new form of entertainment. We don't

have to speculate as to the outcome; positive results have already been demonstrated in Manitoba. We appreciate the government's consideration and hope they'll take the next progressive steps.

**The Vice-Chair:** Thank you very much, Mr Childs. I appreciate your presentation. We're now going to move to questions: five minutes per caucus, starting with the Conservatives.

**Mr Hudak:** I just had a further clarification on some stands. Tell me how you think about this issue. Lyn McLeod, the leader of the Liberal Party, said on June 24, debating this bill, that she does not want to see VLTs outside of commercial casinos. She supports charity casinos without VLTs. She states in Hansard, "The take from a charity casino that didn't have slot machines wouldn't be good enough for this government...." As far as Lyn McLeod is concerned, no VLTs outside of casinos. So for the restaurant and motel association, she's giving the brushoff.

The same day, Gerard Kennedy, who could be the next Liberal leader, said, and this is in quotes from Hansard: "We want to put forward very clearly that the position of the Liberal Party is not to increase and not to make legal any of these video lotteries outside of casinos."

That's the Liberal position expressed in Hansard June 24 when we debated this. It seems to have changed about 15 minutes ago. Maybe Mr Crozier has his own position, and I can respect that —

**Mr Crozier:** You haven't shown much respect for it.

**Mr Hudak:** — although the man Mr Crozier is backing for the leadership, I understand, is Dwight Duncan from the Windsor area, who also said no VLTs outside of casinos. If that were the case, if we pursued the Liberal agenda that said no VLTs outside of casinos, what does that do for your industry?

**Mr Childs:** I believe we need an uplift in our industry. This is one of the avenues that could possibly help, or would definitely help, our industry. Once again, we can revisit that conversation, but our industry has gone through tough times in the last few years and I don't think anyone in this room would disagree with that point. The type of market we are dealing with needs to be entertained and generates prolonged stays in different venues. Once again, we are competing against the casinos for some of that market of entertainment, and all we want to do is be on a level playing field, or at least brought a little closer.

**Mr Hudak:** Again, the Liberals are clearly on the record as opposed to VLTs outside of anything but casinos; they want to keep them in the big casinos like in Windsor. You saw about 15 minutes ago a little leg, a little wink and a nod, trying to hook the association in, saying, "Maybe we'll consider it," but the reality is that the three or four Liberal leaders — how many leaders they have right now — are all solidly against VLTs. I think we should make that clear, and I appreciate that it's on the record now.

If we do put the lottery terminals in the restaurants and bars, what do you think that does? Is that going to take away from your current sales or are you bringing in new customers spending a bit more money? Are you generat-



ing new revenue or are you just redistributing current revenue?

**Mr Childs:** No, definitely generating new revenue. You're entertaining people. You're giving them a venue where they can come in and spend some time in your area.

**Mr Hudak:** So when you bring new revenues into your establishments through the video lottery terminals, what does that mean for employment? What do the new revenues mean in terms of maybe paying down some debts or adding structures? More capital investment too, do you think?

**Mr Childs:** Depending on the locations, whether they're suitable or not, definitely it's going to — more capital for the locations to compete with other similar locations; definitely hiring more people to handle the increase of traffic that we are so hoping we will get, or that I'm positive we will receive. At least in my establishment I see it as a definite plus and could honestly say that we would see an increase of traffic through our establishment, which would increase employment, which would also increase ongoing progress in our building.

**Mr Hudak:** So you're very optimistic. What has been the experience in other provinces?

**The Vice-Chair:** I'm sorry, we have run out of time. To Mr Crozier, Liberal caucus.

**Mr Crozier:** I think I had my fun before. I prefer to talk about what you want to talk about. But I will say that when it comes down to the end in this debate, you will probably see a difference of opinion. I doubt that you will see one member from the government express opinion that differs one iota from what they've been told to support. But I'll tell Mr Hudak one thing. The night that vote's taken, I'll be able to go back, I'll be able to lay down, I'll be able to sleep, and my conscience will be clear because I will —

**Mr Hudak:** Bruce, you know it's going to mean thousands of jobs in the Fort Erie area —

**Mr Crozier:** Horse feathers.

**Mr Hudak:** There are going to be thousands of jobs in Sarnia because it's just like Fort Erie. They've got a racetrack and there's bingo. It's on the border. You know it's good for the border cities.

**Mr Crozier:** Horse feathers.

**The Vice-Chair:** Mr Hudak, please. You were not interrupted during your five minutes, and I would expect the same courtesy.

1550

**Mr Crozier:** Besides that, he's rude.

But I will be able to sleep with an absolute clear conscience that I've done what I think is right, and sir, if it doesn't agree totally with you, I'm sorry. But having heard, hopefully by then, all the sides of the argument, I will be free to make the decision on my own.

Now, more to the point of what your concern should be. I understand where you're coming from; absolutely. If I could be assured — I don't know what the answer is and we've had suggestions to the government of a number of changes they could make — selling wholesale liquor to you, that would help, would it not?

**Mr Childs:** Yes, it would.

**Mr Crozier:** You buy at the same price I do, or even more. Do you have to pay any kind of a levy on top of what I pay?

**Mr Childs:** Yes, the big thing is the taxing at the retail end of it as well, the shipper.

**Mr Crozier:** Sure. And in fact you have to charge 10% retail sales tax?

**Mr Childs:** Ten per cent retail and then 7% GST.

**Mr Crozier:** Yes. So there are things this government could do, but you see, they've got this huge problem. They need money. They're going to borrow \$20 billion over the next four years to pay for a tax cut, a tax cut that you might not even share in because you might not even be paying any taxes. But they've got to pay for that. At the time of the budget, the finance people walked in and said: "Ernie, you've got a problem. Your figures don't add up and we've got to get to something that's going to increase our revenue dramatically."

If they really cared about you, rather than 10% off VLTs, you'd get 20%, 25%, 40%. Rather than giving 10% to charities, they'd give charities 50%. But you know, they don't really give a damn in the end about charities and you in this circumstance. What they care about is the 70% they're going to get.

The minister said on Tuesday, August 6, "To assist Ontario's hospitality industry, the Ontario Lottery Corp will develop a plan to introduce a limited number of video lottery terminals at selected locations across the province." Can you tell me, sir, how many terminals or how important it is to you that you're one of the selected locations? You may not be selected is what I'm saying. What if your competition gets some of these machines and you don't?

**Mr Childs:** It's definitely a competition. We would be competing against that entertaining dollar. That's the one thing. You're saying the percentage, as far as the government and the tax split and the charities. Myself, from my business, I look at it as a drawing card for entertainment, and the food and beverage sales that are associated with it are one of our main concerns. If we're competing with another entertainment outlet in town, yes, it will impact.

**The Vice-Chair:** Thank you, Mr Childs. I'm sorry. We do have to move on to the NDP caucus.

**Mr Kormos:** The malaise that you talk about — again, we've heard similar comments across the province — the malaise in your industry is common across the province, isn't it, the downturn, the hard times?

**Mr Childs:** Yes.

**Mr Kormos:** Upscale, downscale, the whole nine yards.

**Mr Childs:** Right across the board.

**Mr Kormos:** Suit-and-tie operations and dungaree operations, right?

**Mr Childs:** Other styles have been hit harder, different percentages and also locations through the province have been hit at different levels as well.

**Mr Kormos:** I appreciate you're saying that the revenue from legal slots is going to help you overcome that.

**Mr Childs:** Any extra revenue's going to help. We look at the attendance factor. As far as putting more people in our building on the entertainment end of it, it

is going to help us, as much or more than the revenue coming from the —

**Mr Kormos:** The province is talking about 20,000 slots, big chunks of them in charity casinos and in racetracks, right? And the police tell us of 20,000 grey slots out there throughout the province, right?

**Mr Childs:** Mm-hmm.

**Mr Kormos:** Mr Hurst tells us that these are, as often as not, in hotel, motel, beverage room locations. Is that where they are?

**Mr Childs:** To my knowledge, there are some locations. Once again, there are as many or more good quality operators as there are poor ones, and —

**Mr Kormos:** But there's 20,000 of them out there in hotels, motels and beverage rooms.

**Mr Childs:** To name some locations, and there probably are some in locations that are not licensed as well.

**Mr Kormos:** Okay, like?

**Mr Childs:** After-hours, illegal —

**Mr Kormos:** Oh, booze cans. Gotcha, yes.

**Mr Childs:** Yes.

**Mr Kormos:** An illegal or grey slot, if it's being used for gambling, the owner is entitled to keep all the money, isn't he?

**Mr Childs:** One would assume that, but there are different —

**Mr Kormos:** Well, he doesn't have to share with the government.

**Mr Childs:** He might be sharing with machine owners.

**Mr Kormos:** Machine owners, fair enough, but he doesn't have to share with the government, doesn't have to share with charities, doesn't have to contribute 2% to anti-addiction programs. So then my question is: How come the 20,000 illegal slots haven't done for the hotel, motel, beverage industry what you tell us legal slots are going to do when in fact a hotel, motel, beverage room with one of these 20,000 illegal slots is keeping indeed more of the money than you're going to end up with at the end of the day with a legal slot?

**Mr Childs:** I don't know if I have the exact answer, but I would assume, my opinion is, a lot of those revenues coming off those machines aren't hitting any books or the businesses that are worth tracking.

**Mr Kormos:** They're not even paying taxes on them. They're not even paying taxes on the money. They get to keep it all. So what I don't understand is, how are 20,000 legal slots going to give you the big boost in the arm where you only get a small percentage of the profits, when 20,000 illegal slots where you get a much bigger chunk of the profits, haven't helped?

**Mr Childs:** The ones that have no morals and don't mind illegal slots are probably going to make it through. For us, there are clean operators that won't touch —

**Mr Kormos:** But you told me the malaise is across the board and the police tell us that the slots, the illegal ones, are in seedy little booze cans, but in mainstream they're in hotels, motels, beverage rooms. The police say they're prevalent. I just got a report here from the Welland Tribune down in Niagara: across the board Niagara has its share. That's my problem with — I've got to tell you, Mr Seiling's worked real hard on this campaign.

**The Vice-Chair:** Thank you, Mr Kormos, your time has expired. Thank you very much. I want to, on behalf of the committee, Mr Childs, thank you very much for your presentation.

**Mr Childs:** Thank you very much for your time.

#### ESSEX PRESBYTERY AND LONDON CONFERENCE, UNITED CHURCH OF CANADA

**The Vice-Chair:** The next presenter will be the United Church of Canada, Essex Presbytery and London Conference, Rev Douglas Sly and Dr Don Bardwell. Good afternoon, gentlemen. If you could identify yourselves individually for Hansard.

**Rev Douglas Sly:** I'm Sly and he's Bardwell.

**The Vice-Chair:** Thank you. You'll have 20 minutes for your presentation and you may wish to leave some time for questions at the end for the members. You can continue any time.

**Mr Sly:** Thank you, Mr Chairman. We have roughly seven and a half minutes each in our presentations and we would like to leave the other five minutes for some discussion after that.

Ladies and gentlemen, I appreciate the opportunity, along with my colleague Dr Bardwell, to address you regarding my church's concerns about your government's intentions to place 6,000 to 8,000 VLTs in restaurants and bars as an initial step in your plans to increase that to possibly 20,000 in the province, from what we have read and heard.

Let me say unequivocally at the outset that I reiterate in the strongest possible way my own and my church's opposition to gambling in its varied forms. My colleague and I have access to official statements of the United Church of Canada that it has made at its General Council meetings in 1977 and again in 1988. We affirm our church's position on gambling and we reiterate the opposition recently expressed in two resolutions that were fully endorsed by Essex Presbytery of the United Church on May 20 and in London Conference on May 26.

Why do we oppose the introduction of VLTs and other forms of gambling? We oppose the sum and substance of Bill 75 because it undermines the wellbeing of citizens of this province. We see it primarily as a money-grabber. While we do not wish to impose our own beliefs about gambling on anyone, we feel that we must oppose the government's intentions to promote gambling and encourage people to spend their money on machines of such dubious benefit to anybody. It is very hard for us to see any personal benefit to the player.

#### 1600

Our opposition to the government's intentions to promote VLTs in the province is based upon our perception of the function of government. In our thinking, the main function of government is (a) to promote, to hold, to revere and to encourage the wellbeing of all citizens over whom it has authority to govern, not only its electors but all of the citizens; (b) to establish the ways and means of protecting its citizens from influences and forces that reveal potential harm to their wellbeing; and (c) to create, where possible, the kind of lifestyle that



would encourage responsible citizenship through participation in the political process, as well as in organizations that are devoted to improve the social life of society.

If this is an accurate expression of the function of government, we might draw some obvious conclusions about the effect that the gaming industry has upon the attitudes of people. Thirty years ago, the government issued warnings that anyone found buying lottery tickets in support of the Irish Sweepstakes would be subject to prosecution by fine, imprisonment or possibly both. It held that gambling of this nature was both legally and morally wrong. The passing of legislation has now legalized gambling. Are we to assume that the government's legislation has also changed public morality? This is not at all clear to us. A great outcry in Nova Scotia last year over the attendant evils of VLTs saw the government removing 70% of those machines in the province, reducing the number from 3,500 to about 1,000.

And on this particular point let me hasten to add that government-sponsored gambling exacerbates deficit difficulties already evident in the economies of many states in the United States, as well as many provinces in Canada. The proliferation of legalized gambling hits us as a striking example of governments, under the pressure to reduce deficits and balance budgets, not only legalizing a potentially harmful activity but actually promoting it. When governments get into the promotion business, we are subjected to cleverly produced advertisements designed to manipulate us and get us to gamble more and more of our money because the government needs it. When we complain, the response is that the money goes to support many deserving causes. The implication is that the end justifies the means.

Does the end justify the means? No less a figure than the late Mahatma Gandhi stated that means and ends are exactly the same thing, that you do not pursue illegal or immoral means to achieve a legal or a moral goal. In the church we say that the goal and end of life is the Kingdom of God, a condition of love, peace and justice. God help us if we use hate, war and unjust means to achieve such goals.

How can any government justify, to itself or to its citizens, particularly to the young, the wholesale promotion of greed? By changing people's attitudes towards money and how to get it without (a) working for it or (b) some form of investment, the government is launching into uncharted waters that are very dangerous indeed in terms of our thinking. Here is a most telling statement by Mr J. Jourdion, the marketing director of the Western Canada Lottery Corp, that says, "Any promotion that can alter the regular purchasing habits of the consumer is viewed as significantly benefiting our long-term success." That is the quote of the month in the *Gaming and Wagering Business* magazine.

You will agree that the gaming industry is not a productive industry. It is a recreational one, moving money from the small, often ragged and torn pockets of the general consumer into the smooth, well-lined, receptive and seemingly bottomless pockets of the government and the owners. We would prefer to see the government find other means of raising revenues, perhaps even in the form of more taxation, if I could say such a thing, than

initiating and promoting the use of VLTs. While we respect the present government's efforts to get control of the economy, we cannot agree with Mr Eves when he tries to justify the placing of VLTs by the government in order to control the illegal ones already being used. Two wrongs have never made a right.

Among many dangers inherent in life, gambling raises false hopes, produces cynical attitudes in people, exploits human weakness and frailty and is accompanied by increases in the crime rate. Gambling dulls the sense of social responsibility. In the light of all this it is our sincere desire to uphold and honour our government not as our predator but as our protector.

Rev Dr Don Bardwell will further our argument with regard to the government as protector.

**Rev Dr Don Bardwell:** Good afternoon, Mr Chairman, ladies and gentlemen. Thank you for listening.

Our view is that there are times when the government is looked upon as the protector of its citizens and is expected to take steps to assure the safety and security of the people. In a democracy, such protection takes into consideration the freedom of personal choice we all cherish. In a highly technological and complex society, certain freedoms may have to be compromised in order to ensure everyone's security. In the second part of this brief we ask the government for protection.

Our position is that we need "protection from" far more than we need "further promotion and expansion of" the phenomenally growing gambling industry in North America. A significant number of people have suffered, are suffering and will suffer from the consequences of gambling. One of the most problematic characteristics of the problem gambler is how difficulties are denied and hidden until they reach very serious proportions. We have heard of an increase in the number of women experiencing problems with gambling. Pre-casino prevalence studies in Windsor indicated that twice as many males as females were identified as problem gamblers. Post-casino prevalence studies done one year after the casino opened showed no significant difference in the percentage of male and female problem gamblers. Youth seem to be particularly vulnerable to the problems of gambling. "The number of teen gamblers in Ontario is rising at an alarming rate."

Common sense tells us that the more venues there are for gambling, the more people will gamble, and the more people will gamble, the more they will have problems with gambling, including youth and young adults. Placing VLTs in bars, for example, opens up a new venue for gambling. It changes the activity of such establishments. It is different from adding VLTs to existing gambling establishments. A lot of people get in over their heads and are hurt badly. VLTs in bars will mean more problem gamblers.

1610

We are here today to appeal to you to continue to take action and to be seen as taking action which gives a clear signal to all of us that there is a dark and shadowed side to the gambling enterprise. In addition to saying no to VLTs, we see the government exercising a protective role through research, education and treatment. It is encourag-

ing to know that the government has expressed its intention to make more funds available for such purposes.

(1) Vigorous study and reliable research need to be enlarged. We need to know what is going on in the gambling industry and the degree to which people are harmed by gambling and helped by treatment. Much of what we hear is still anecdotal in nature and we are in need of continuing good, reliable, solid research studies. Since Windsor has the longest history of gambling machines, it seems logical that continuing research would be supported in this region.

We need to change the perception among many concerned citizens that the government is primarily interested in research that supports gambling and its expansion to one in which it becomes common knowledge that this government is deeply concerned about the negative impact on people's lives gambling can bring.

(2) The government can fulfil its protective role through educating us in understandable ways about the possible consequences when gambling becomes a problem. We know there are definite signs. Some people are able to discern these and take action that will prevent harm, but many are not.

Another way of educating people is to endorse and support a lifestyle option that refrains from gambling at all. Still another is to work closely with organizations such as the Canadian Foundation on Compulsive Gambling to make information available in appropriate places to warn people of potential dangers, and we have included in our packet of information three pamphlets as a good example of clear information. Another way is to inform people where help can be found for the compulsive gambler and his or her family.

(3) The government can take seriously the need for well-trained counsellors and to assist agencies providing treatment for the victims of compulsive gambling. I am most familiar with a course offered by Iona College, affiliated with the United Church of Canada, at the University of Windsor. Five courses have now been held, attended by 100 counsellors, for the treatment of victims of compulsive gambling. As a fourth pamphlet we enclose a course description for your information. I trust that you have been given these pamphlets.

Many participants have come from agencies as well as from churches and all have expressed their own growing concern about the increase in numbers of people having problems with gambling. We have worked in partnership with the Canadian Foundation on Compulsive Gambling; there is an ongoing demand for this course, and two more will be held in 1997. In order to break even financially we need 30 participants at each course, but we have carried on with as few as 13 persons in one course. If we are to continue to offer this excellent course, we will need some kind of financial support. We have received one grant from the previous government and a grant from the United Church of Canada, but we do need help.

In conclusion, Mr Chairman and ladies and gentlemen, we urge you to recommend no to VLTs and yes to (1) more ongoing solid research; (2) education of the public through accurate information; and (3) training of counsellors and treatment for victims.

We thank you for the opportunity to appear before you and for your listening to our presentation.

**The Vice-Chair:** Thank you, Dr Bardwell and Rev Sly. We've got time for questions, about one minute per caucus, starting with Mr Kormos of the NDP.

**Mr Kormos:** Gentlemen, I appreciate your submission. You haven't been in the majority, I want you know. As you can well imagine, the hotel and motel association, that industry, the tavern industry, the racetrack industry and the break-open ticket industry have been very aggressively pursuing this. The government has been very aggressively promoting it. It's no secret, as I indicated earlier, that it's not an expansion of blackjack or an expansion of the roulette game or an expansion of the poker table that they're promoting; it's a massive expansion of slot machines.

The government members refuse to even acknowledge the extensive research: McGill University, Harvard Medical School, the University of Windsor, the University of Alberta, the University of Brandon, the University of Exeter. I made reference to those studies; I tried to give them bibliographies. They talk about a pending crisis in addiction because adolescents, currently in 1996, betray a proclivity for gambling —

**The Vice-Chair:** Thank you, Mr Kormos.

**Mr Kormos:** — that is a multiple —

**The Vice-Chair:** Mr Kormos, I'm sorry, your time has expired. Mr Klees of the Conservative caucus, please.

**Mr Kormos:** They do not want to talk about the morality —

**The Vice-Chair:** Mr Kormos, please.

**Mr Kormos:** You're welcome — they do not want to talk about morality.

**Mr Klees:** Thank you, gentlemen, for your presentation. I commend you on the work that you're doing. I've had a chance to review very briefly the brochures — very helpful, I'm sure. I want to assure you that many members within the government caucus share your concern that if there is to be any extension at all of the opportunity for gambling, it be done with good conscience and with the individuals in our communities and in our society in mind.

I want to clarify something for you, though, that I think is very important. A release was sent out today by the Liberals that says, "Yet the Tories are pushing full steam ahead to put slot machines in neighbourhood bars and restaurants without proper consultation with the communities affected." I want you to know that if that were the case I wouldn't be sitting here. That is not what we're doing. We are here consulting with communities across the province. The government has made it very clear that the introduction of VLTs, first of all, is going to be at racetracks and in charity gaming halls and that there will be a very careful review prior to the extension of VLTs into licensed facilities.

**Mr Crozier:** Gentlemen, I thank you for being here. You as well as other people in this room have had to endure a lot of political posturing today. You've been subjected to skewed questions, some of them even coming from government briefing papers. We're their poor cousins; we don't have any briefing papers.



You've also come and given us your opinion, as Mr Kormos has alluded to, in the face of almost insurmountable odds, I'm afraid to say. We appreciate what you've had to say, and I will go on record as believing and supporting what Mr Klees has just said, that the government will listen, but there will be VLTs in bars and restaurants.

**The Vice-Chair:** On behalf of the committee I thank both of you for your presentation here this afternoon.

MICHAEL COWTAN

**The Vice-Chair:** The next presenter is Michael Cowtan, general manager of Elephant and Castle Group. Mr Cowtan, you have 20 minutes for your presentation. You may wish to leave some time for members to ask questions at the end. Begin any time.

**Mr Michael Cowtan:** I'll leave you lots of time. Mr Chairman, ladies and gentlemen, thank you for allowing me to be here this afternoon. My name is Michael Cowtan. I represent the Elephant and Castle in Sarnia.

I would like to begin by stating that I support Bill 75 as it relates to VLTs and I urge the government to implement them into the hospitality industry as soon as possible. The industry is in a serious economic situation, and from a personal perspective the situation is urgent. We are in serious financial trouble, especially in border cities, and I'll touch on that in a moment. Across the province we have seen a reduction in employment of 25% in our industry and 1,400 bankruptcies in the last four years.

I mentioned I'm here representing the Elephant and Castle in Sarnia, but I'm no longer their employee. I've suffered the axe — friendly, but I've suffered the axe. The Sarnia Elephant and Castle can't afford me any more, and that is a direct result of what has happened in our industry over the last five, six, seven years. But for the sake of the 17 mostly part-time employees who are left at the Elephant and Castle in Sarnia, I ask you to act, and act fast. I don't mean in six months' time; I mean fast.

1620

It's not in my brief, but I would like to give you a little background about what's happening in Sarnia, as I see it, and not just the Elephant and Castle, but the Elephant and Castle in particular. Six years ago we had the equivalent of 25 full-time employees and a turnover of just over \$1 million. We now have 17 employees, but they're mostly part-time. They're equivalent to about 10 full-time positions. The place is teetering on the brink. If it wasn't for the fact that the company and the group is committed to a lease, I'm sure they wouldn't be there.

As far as the local industry is concerned, we have an operator in this town who operates, among other things, a nightclub. It's closing this weekend. I don't think it's any secret he's chairman of the local chamber of commerce. He runs a number of enterprises in this town. He's had this nightclub for 10 years. It's extremely well run, and it's closing this weekend. We have various bars downtown. On Tuesday night the bailiff visited one. I don't know why, but I presume that as they left with a pile of money in their hands, at least he's got them off his back for the time being. We have another one where,

according to the local press, there are half a million dollars in back taxes of various kinds owing to various levels of government. We have another one where I know the man and he's a nice guy. He doesn't go out of his way to operate illegally, and he's closed for 10 days for watering his liquor. These are men who are in desperate situations, who are employing people in this town and who will cease to be employing people in the very near future.

On to the Elephant and Castle across the country: Our experience in Alberta is that VLTs can produce sufficient revenue to save the day. We have three locations in Alberta. We have incremental income of \$100,000 per annum per location from VLTs; \$28,000 of that immediately goes back out as wages to the three people in each store who count the money. That's without the extra work created for servers, cooks and all the other aspects of the restaurants. I hear scare stories about this doesn't create any work for anyone. Well, it does, and it increases paycheques as well.

In the last 10 years in our industry, we've seen a dramatic swing to less alcohol consumption, and as operators we've had to find ways of entertaining our customers. In the case of the Elephant and Castle in Sarnia, we started a pool hall, we went to darts, video games, game boards for chess and Trivial Pursuit on our tabletops. All of those have made a difference and they have kept people in our seats, but we need more. VLTs are not going to be the whole answer, but they're going to help. VLTs will be just another diversion. At the same time, they will produce significant revenue for us and for the government and make a considerable difference to us as the operators.

Gambling, including VLTs, is here to stay. Not acting quickly only continues to send Elephant and Castle customers to Windsor every weekend and to places outside our province so they can spend their money the way they wish to.

We've heard talk locally of the effect that VLTs might have on charity break-open tickets. We had the same discussion a few years ago when break-open tickets were first introduced into non-club atmospheres. On the contrary, we've seen the amount going to charities increase and, at the same time, the corner stores that are now allowed to sell them too have become much more viable because of this income and have created income for self-employed people in that situation.

To fear the effects of VLTs on other forms of gaming is like fearing the introduction of electric light because of the negative effect on Union Gas.

You've heard estimates of 15,000 to 20,000 illegal machines already in the province being operated by business people who for the most part would not consider themselves criminal — and I certainly wouldn't consider them criminal — but they feel that they cannot survive without this income. I'm reminded of the tobacco situation and I'm sure there is no politician in this province who would say that he or she is happy that taxes were cut so drastically, but most recognize that an unenforceable law is no law at all. The same is true with grey VLTs. The honest operators are being penalized and the government is not getting the revenue.

VLTs will be part of an entertainment package that we need to attract visitors to our town and to our province and to keep our residents in our town and in our province.

I have to finish off with a little thing here because I was quoted in the local press as saying that I have concerns about people becoming addicted and I want to put it into perspective. As a responsible operator I was always concerned about the effect of alcohol on people, but it is a small minority who abuse themselves with alcohol, as indeed it is a very small minority who become addicted to any form of gambling, whatever form it might take. I believe the government has recognized the problem and is prepared to tackle it, but as the executive director of the Canadian Foundation on Compulsive Gambling has said, "Prohibition is not the answer; education and treatment is."

We didn't get anywhere in North America over the last 90 years, as far as my history books tell me, by prohibiting anything. We just made it attractive to criminals. I thank you for giving me the opportunity to address you this afternoon.

**The Vice-Chair:** Thank you, sir, for your presentation. Moving to questions, the Conservative caucus is first. You'll have about four minutes.

**Mr Hudak:** Thank you, sir, for your presentation; very well-rounded, very well-spoken. How long have you been in the entertainment industry, let's say, to put it pretty broad?

**Mr Cowtan:** Since 1982.

**Mr Hudak:** Some people have expressed to me in other conversations similar memories about similar arguments being used about the addictive nature of machines, the wrong element being attracted every time there is any new form of gaming introduced. In fact, some people talk about the same sort of arguments being used decades ago when they introduced pinball machines. Maybe when you were younger yourself you were one of those teenagers who was going to become hooked on pinball machines or on pool tables. So you hear a lot of the hyperbole.

I appreciate your argument and I agree with you that addiction does exist, but the fact of the matter is you reasoned very well that there's all kinds of gambling currently. You have legal games and illegal games. You have horse racing. You have dice, one of the illegal games. You have slot machines and casinos. You have video lottery terminals that we're proposing to bring in.

Jacobs especially in a number of studies talks about the nature of the addictive gambler, and they play four or five different games because they like the feel, the way that they enter into a different reality, I think. Jacobs gives an anecdote about one woman who when she plays dice in the States feels a bit taller, a bit more attractive. So there's a seduction there.

We had a really good presentation two days ago in Fort Erie from the New Port Centre, which is an addiction counselling centre in Port Colborne, Ontario. They said, from the presentation, "Your focusing on the activity or substance itself is not particularly useful or effective in addressing the problem and the practice often creates polarization." So I guess focusing on video

lotteries and using a lot of hyperbole, as the opposition has wanted to do because it makes the headlines, is not responsible. It's great headlines but lousy science.

I appreciate your remarks that you support the \$8 million or \$9 million the government's putting in to addiction treatment, because that's not just going to treat VLTs, that's going to treat the gamblers who are already addicted, that's one of the types of behaviour. So it's going to treat those who are addicted to the dice, to the slots, to these various other games, calling their bookie. I appreciate your remarks in that area.

Another point you bring up too is just very well-reasoned, I think, the difference between video lottery terminals at the racetracks, say, and video lottery terminals at licensed establishments, where the racetrack would be more of a destination point and the video lottery terminal at the licensed establishments is another way of bringing in money from customers who are already there. I'll give you an example: Is a gambling customer, somebody who's interested in gambling for the evening, likely to come directly to your establishment or to the racetracks? Are there different customers between who's going to use a VLT at the track and who's going to use a VLT at a liquor-licensed establishment?

**Mr Cowtan:** A gambler who wants to go and gamble and not just be entertained isn't going to come to the Elephant and Castle. He might go to Hiawatha. I would think he's more likely to go to Windsor.

1630

**The Vice-Chair:** Mr Hudak, sorry, we are out of time. Moving on to the Liberal caucus, Mr Crozier.

**Mr Crozier:** Thank you, Mr Cowtan. Our problem is this: The break-open ticket people don't want us to have VLTs. For the most part the tracks don't want them put in licensed bars and establishments. Permanent charitable casinos would like to have them, but for the most part don't want them into licensed establishments. Bingos haven't been included in this, and there are over 300 bingos in the province. They want to be part of the action. Your story is not uncommon in the hospitality industry, and I sympathize with it. I went through the 1980s in a retail business where we went from 75 employees to 35 employees when times were tough. I don't have any questions of you, sir. I hope in the end, when all the dust settles, we've made the right decision. Thanks for your presentation.

**Mr Cowtan:** You're welcome.

**Mr Kormos:** We heard from one of your colleagues in Toronto earlier this week —

**Mr Cowtan:** Gord Josie.

**Mr Kormos:** — who again described the type of operation the Elephant and Castle has had across the province for a number of years, and I listened to what you've had to say, and it's been said by many others in your industry. No need to apologize about your concern for addictions because having a concern for the addiction doesn't necessarily mean — these folks call us neo-prohibitionists, and they pay people big money to come up with those little things, hoping that the press will pick it up day after day.

My concern about the logic here is that I know many owners of, what do they call it, adult entertainment



parlours, strip clubs who insist that if they don't win their appeal to the Supreme Court of Canada from the Court of Appeal, which banned lap dancing — you know, dirty dancing — and if lap dancing isn't restored as being legal, by God, they won't be competitive, that that's their edge, that's what makes the difference between them being unprofitable or profitable, and they can provide employment, they've got an attraction that will keep their customers longer and, Lord knows, one assumes that it does. That's an argument that's current. You know that. The Court of Appeal just dealt with this. Strip club owners rallied; they raised tens if not hundreds of thousands of dollars among them to pay for legal costs, trying to win that Court of Appeal decision. They were extremely grateful to the two provincial judges, one in Toronto and one down in Niagara, who passed rulings which appeared to legalize so-called dirty dancing.

**Prohibition:** Well, prohibition probably doesn't work when it comes to pot or cocaine either. Clearly, the way to stamp out pot and cocaine and other illicit drug use is to devote more police resources to it. But the legalization of those substances would send a very clear message to people, and especially youngsters, who are at risk with respect to pot and cocaine — it would give it the stamp of approval. As I said earlier, I don't think it's any accident that we're talking about slots here. We're not talking about permitting restaurateurs to have blackjack tables or to run roulette wheels. The fact is, we're told that you already have 20,000 slots in your businesses across the province. That's what we're told: There are 20,000 so-called grey machines. They haven't achieved the goal that you tell us slots are going to achieve for your industry. Notwithstanding what the people across the way say, there is an extensive body of research — and I've had the pleasure of speaking with some of these researchers personally to confirm my interpretation of their research — that talks about the potential for an epidemic problem with gambling addiction among young people, for whom slots are indeed the crack cocaine.

You're going to get your machines — maybe not you, maybe the restaurant next to you, whoever's got more pull with Mr Boushy, so you better start working on him now — your industry is, but I think we are courting disaster. I know there's not been a single document filed from the government by way of research talking about concrete, hard data showing economic impact on your industry or on any other facet of the business — hotel-motel etc — the impact of legal slots on it. That bothers me somewhat, because one would hope that a decision this mammoth — because the interests are very powerful in the gambling industry and, quite frankly, very corrupt.

**The Chair:** Our time for this has elapsed. Thank you very much, sir, for your presentation.

#### WINDSOR RACEWAY

**The Chair:** Our next presentation will be the Windsor Raceway, Mr John Millson, president. Welcome, sir. I compliment you on the very attractive cover on your presentation.

**Mr John Millson:** Thank you very much. We're very proud of our standardbred horsemen in the city of

Windsor. I appreciate the opportunity to be here before you today and to make our presentation. I will take about the next 15 minutes to summarize some of it.

Windsor Raceway thoroughly endorses Bill 75 as a way of assisting the horse racing industry to compete with the ever-increasing number of gaming venues. We believe the introduction of video lotteries at racetracks will guarantee the longevity of the 28,000 agriculturally based jobs associated with our business.

Windsor is a hotbed of gaming entertainment, and Windsor Raceway needs the tools to be compatible with and complement the government-owned Windsor casino and the Northern Belle riverboat casino. In addition to the Windsor casino experience, we are in competition with Michigan, where there are several casinos and eight horse racetracks with simulcast facilities, all within a short drive of Windsor Raceway. By creating one complete facility capable of providing a wide spectrum of entertainment possibilities, Windsor Raceway will be assured of its ability to continue with the success of its core component, that being live horse racing.

We have developed a business plan in accordance with the minister's budget speech to demonstrate how funds made available by a reduction in the provincial government's parimutuel tax rate and the introduction of VLTs will be utilized to ensure the viability of Windsor Raceway and the rural sector of Essex county. The actions of the government are viewed by us as an opportunity to manage our own affairs in a financially favourable climate that will be conducive to our growth and prosperity in the future.

Windsor Raceway has experienced significant growth over the last three years and has become the success story everyone wants to talk about. Our success, though, and that of the Windsor casino, has created significant problems and difficulties for our counterparts in Michigan. As a form of retaliation, the governor of Michigan gave simulcasting to Michigan racetracks last February. That one stroke of a pen created a 61% drop in our intertrack handle. It was a devastating effect.

The government's budget announcement allowed Windsor Raceway the opportunity to continue our live racing program over the summer. If it had been cancelled, it would have affected the employment of nearly 1,500. These jobs ranged from grooms and trainers to local farmers, blacksmiths, computer technicians, satellite operators and television crews. The employment of these individuals is somewhat specific to our industry, and it would have been difficult for them to find new employment.

With the continuation of the summer racing season and the balance of our 1996 fall season, Windsor Raceway will have raced 177 live days in 1996. Just to give you some idea of the magnitude of the economic impact to the agricultural community, by the end of 1996 Windsor Raceway will have generated over \$11 million in purses, which is distributed directly to the horse people in rural Ontario.

Windsor Raceway respectfully submits that the government can accommodate its own needs and resolve the concerns of the horse racing industry with the implementation of Bill 75. This non-tax revenue generator can

preserve the racing industry and also generate revenue for the province. The benefits and effect of Bill 75 to the horse racing industry, and to Windsor Raceway in particular, are that it will of course give a substantial revenue stream to the government of Ontario, plus it will guarantee live racing at Windsor Raceway with stronger purses, which means more money back into the agricultural community to provide a steady income and reinvestment in farms and, as well, investment in Windsor Raceway to upgrade our facilities, develop an enhanced marketing plan, increase employment and ensure the long-term presence of live racing at Windsor.

1640

This proposal has been implemented in eight of the 10 provinces in Canada with great success. In addition, there are thousands of video lotteries operating throughout North America which have been credited as the salvation of the horse racing industry in many of these areas.

We are prepared today to install video lottery machines in age-controlled, secure areas within our facility. Windsor city council and Mayor Mike Hurst have endorsed the introduction of video lottery machines at our racetrack. I would emphasize that these games are identical to those which are operational today at Windsor casino, only a few minutes from our front door. Our facilities are within the boundaries of the city of Windsor, and certainly the operation of this type of game in our community has been overwhelmingly endorsed. The introduction of video lottery machines to Windsor Raceway would guarantee a strong live racing product which would showcase Ontario racing to tracks and simulcast facilities around the world.

What does Windsor Raceway mean to the community? Is there an economic significance? Absolutely. The current economic impact that Windsor Raceway has on Essex county is approximately \$55 million per year, of which \$20 million is US tourist dollars. As I mentioned, we give \$11 million in purses to the horse people community; \$25 million remains in the city in the form of municipal taxes, utilities, wages, goods and services; \$10 million goes to the federal and provincial governments for taxes; and \$9 million to the agricultural community, including boarding horses, hay, straw, feed, blacksmiths, vets and so on.

The economic implications of this racetrack to the community are very significant. The real significance of the raceway is in the number of jobs the racing industry provides, and Windsor Raceway is the fifth-largest employer in the city of Windsor.

Just to give you a few short statistics: 334,750 individuals cross at the border to come to the city of Windsor, which enhances the bridge and city tunnel revenues.

Track employment: We have 576 people who work directly for Windsor Raceway onsite; we have 2,412 owners, drivers and trainers; we have 890 grooms who work in the back stretch.

We have 75 farms that rely on Windsor Raceway. We have 803 horses that are boarded onsite and we have a waiting list of horses trying to get on. We have over 800 horses that farm offtrack and get shipped in.

Our municipal taxes are \$452,000 and we pay \$533,000 in utilities.

I mentioned earlier the hay, straw and feed; 50% of all of the hay in Essex county is consumed by Windsor Raceway horses.

The racing industry in Ontario employs 28,000 people at 18 different racetracks. Rural-based family operations dominate the racing and breeding industry in the province. An Ontario government study confirmed that Ontario has 1,411 thoroughbred and standardbred operations, with expenditures of \$1.4 billion annually and a gross economic impact of over \$2 billion. We have faith that the government is aware of the importance of the agricultural community throughout Ontario and will respond to ensure its continued viability.

Racetracks in North America are experiencing the same difficulties as Windsor Raceway. The tracks which are able to survive and prosper are the ones fortunate enough to have forward-thinking legislatures which authorize the installation of video lottery terminal devices, and authorize them quickly. Parimutuel facilities across North America are realizing the only way to compete is to offer diverse gaming and entertainment opportunities. The video lottery machines are licensed in every state and province that has a land-based casino in North America, except in British Columbia and Ontario.

The following chart which is in your book demonstrates the different states and provinces that have them. Mr Johnson asked earlier what the experience was in other racetracks across North America, and I've listed four or five here. Assiniboia Downs, as an example, had actually gone bankrupt and then was taken over as a non-profit organization and since the installation of video lottery terminals has regained its strength and generates over 3,000 full- and part-time direct and indirect jobs.

Mountaineer Park, Chester, West Virginia: They were able to broaden their patron base to break the stereotypical image of racetracks and became Mountaineer Track and Resort. They've actually become a year-round resort.

Delaware racetrack, which was mentioned earlier, is probably the most significant and probably the one closest to Windsor Raceway as an example. They installed 715 slot machines last December. They completely turned their facility around. At that time they were giving out \$10,000 an evening in purses and right now they're at \$75,000, and I'm told that they're soon to move it to \$100,000 per night in purse money.

Prairie Meadows was another fabulous facility. Many of you might have seen the video on that. Twenty-four months ago they had gone bankrupt. The state and the city put in the moneys for slot machines. They were then at the tune of \$90 million in debt. As of last month, that full, entire \$90 million has been paid off. The track is more viable now than it ever was and we have the municipalities and the state vying for all of this additional new revenue stream coming in. They're going to build new hospitals and new schools with the money.

Windsor Raceway has been coined as the horseplayers' casino, offering wagering and product from noon to midnight, 364 days of the year, with weekend Hong Kong racing stretching our hours to around the clock. However, video lottery machines have quickly become the gaming entertainment format for the 1990s. Casinos



across North America report that video lottery devices and slot machines are responsible for generating more than 70% of their total gaming revenues.

Windsor Raceway is now developing a strategy of marketing our operation in such a way that would appeal to a much broader sector of the gaming market. We would couple our live racing and intertrack wagering with video gaming as part of the same betting terminals which presently operate at Windsor Raceway. Lottery patrons would be provided with the ability to watch live racing events while simultaneously playing other games. Incorporating what we call picture-in-a-picture technology, the video lottery machine actually turns into a horse racing mutuel-issuing ticket machine. These machines are operational in Assiniboia Downs, as an example, operational right across North America. It's almost an educational process where people are initially coming to play video lottery terminals, but then, because the horse racing is on the corner of the screen, have the ability to bet on the horses at the same time as well. There's a little bit of a plus there was well.

We envision packaging the live, simulcast and video game combos will necessitate internal design changes to provide a warm gaming atmosphere throughout the facility. Windsor Raceway is prepared to undertake these renovations and purchase the additional equipment necessary.

The video lottery system is operational today in many jurisdictions in North America and offers the same security, integrity and control that is commonly expected from traditional online lottery systems operated by the Ontario Lottery Corp. One such proposal could involve a partnership between public enterprise and private business, thereby maximizing the overall revenue potential and operating efficiency while ensuring a system-wide accountability and audit ability.

The Ontario government could oversee the control of the video lottery central system. Windsor Raceway, our racetracks, could be responsible for the operational activities, as we have already performed as a gaming house in the province for over 100 years. Security and integrity are critical to the success of the gaming operation.

Mr Kormos and Mr Rollins, you'll be interested to know that Windsor Raceway is not the big blue-collar type of facility that has been portrayed. In fact, because of the announcements of the budget and the turning back of money in the form of the tax rebate, as well as the video lottery machines, Windsor Raceway is prepared to turn moneys back to the customers to give it that more competitive and fun experience and to benefit the customers.

As an example, with the implementation of the tax reduction and the VLT program, Windsor will be eliminating all parking charges; eliminating the admission charge; reducing the price on our racing programs; increasing the payouts to the bettors by lowering the takeout on the win, place and show betting. We'll have improved facilities. We'll put \$3 million into construction — new elevators, escalators and improved access to the facility. We're going to upgrade our lighting in the parking area for increased security. New promotions,

giveaways, free shuttle ground transportation and group tour markets will be enhanced.

The horse people win as well as Windsor. Mr Crozier, you'll be interested to know the benefits of such improvement programs are clearly illustrated with the Ontario sires stakes program, which is set to launch its 23rd season in 1996. The series is highlighted by over 40 gold events worth \$100,000 each. Last year was another record-breaking year for the Ontario sires stakes as the program once again led the way with more individual \$100,000 winners than any other sires stakes jurisdiction in North America. The entire Ontario sires stakes offers the potential for owners to earn a higher return on their investment and thus stimulates the activity at the four major yearling sales, which is critical to the breeding industry.

#### 1650

Windsor Raceway, by having this enhanced racing, will have a competitive racing environment; purses will be increased; we will have more live racing, which will expand our international presence with midnight racing; will increase our number of race dates to compete with Michigan; will introduce a scholarship program for our backstretch employees, and we're going to improve our backstretch facilities. There will be increased security and better money management. With the introduction of VLTs we will be a 24-hour operation. In fact, we presently employ a 24-hour-a-day security force.

Windsor Raceway is in a position to act now. The intent of the government was to move quickly and we have responded. We have the full accord of our local community, as evidenced by the attached letter from our mayor, and the endorsement from our local horse people. Our direction is clear and we believe that we have demonstrated to the government in the past that, given the tools to perform, we will succeed. On May 7 you did just that, you gave us the tools, and upon approval, this plan will go into effect immediately. Although the plan is ambitious, many of the above points will be implemented without delay. The long-range plan is exactly what we needed to ensure our survival.

In closing, Windsor Raceway, because of circumstances beyond its control, finds itself in the most critical position in its 31-year history. New gaming and wagering venues have eroded our traditional US customer base. In spite of the most aggressive and dynamic marketing initiatives, Windsor Raceway cannot compete in the marketplace without VLTs. Quite simply, the jobs of our employees, the careers of our horse people and the survival of Windsor Raceway is contingent on the immediate approval and implementation of VLTs. They are the tools which we will utilize to stimulate attendance, thereby strengthening our core business, which is liversies.

**The Chair:** Thank you, Mr Millson. We have two minutes per caucus.

**Mr Crozier:** Good afternoon, Mr Millson, your worship. I appreciate everything you've said about Windsor Raceway because it means a great deal to the southern part of Essex county that I represent. If there are two people in the whole racing industry whom I believe and understand, it's Mr Joy and yourself. I have a

clipping that says Windsor Raceway owner Tom Joy — this was the Windsor Star May 8 — “says he looks at the addition of VLTs as another form of diversification. “I always insist that our core business be racing. With every new possibility my first question is, ‘What is it going to do for our racing?’”

He goes on to say: “I took the same approach with VLTs. The way I look at it is that we’re in a gaming facility and our business is gaming.”

He goes on to say: “It’s like being a restaurant and adding pork chops to the menu. It’s just going to be one more product line in our business.”

That’s what I’d like to ask you about, John. You mention that Michigan retaliated. I wonder what’s going to be the retaliation to VLTs. Secondly, you haven’t mentioned anything beyond establishing VLTs at racetracks and I wish you’d comment on that.

**Mr Millson:** Windsor Raceway came into the Detroit market not with its Canadian base but actually the Detroit base, so we’ve always had to stay one step ahead of our competition. We were the first racetrack in Ontario to introduce triactor betting, which is a more generous form of gaming than the win, place and show. We did that because the United States did not have it. We initiated that back in 1982 and ever since that time we have always attempted to stay one step ahead of our counterparts in Michigan. We know for a fact that they attempted to get slot machines into the Michigan racetracks this past year and they were defeated. Instead, the governor gave them what I mentioned earlier, which was full card simulcasting. That was devastating to us and, as the previous speaker has indicated, what we want to do now is just leapfrog to the next step, which is to get VLTs, which hopefully will allow us the opportunity to get a window of maybe a year and a half, two years, three years on Michigan.

*Interjection.*

**Mr Millson:** He was a great mayor.

**Mr Kormos:** Mr Millson, relax. You could have stayed in Windsor because it’s a done deal. Jim Flaherty said down in Fort Erie that this government is committed to the introduction of VLTs and permanent charitable casinos and the first place they will go is the racetracks. He’s described as a legislator and top official in the Ministry of Consumer and Commercial Relations. That’s before Norman Sterling called the editor and had the second edition revised. So you got the slots.

Mind you, although Harris has reversed himself, and Ernie Eves, trust me, these guys are not going to break contracts. With the kind of people they’re dealing with for the purchase of these slots — you don’t break contracts with those guys, and Jim Flaherty and Norman Sterling know it. You don’t screw around with the sort of people they’re going to be dealing with from the States, from Baton Rouge, Louisiana, or Las Vegas.

**Mr Young:** What are you talking about?

**Mr Millson:** Mr Kormos, as a matter of fact, Windsor Raceway has been anxiously working with the government and providing various types of information to them in an effort to educate the government, as we have the other governments — your government included as well — to educate them on a continuing basis as to the

concerns, because our only ambition is to be successful. When we are successful, then your government — the previous government, the government today — is a success as well. Everyone has the same ambition and all our ambition is, sir, is just to provide employment and —

**Mr Kormos:** And you’re going to get the slots.

**Mr Millson:** Well, you’ve indicated that. However, I’m not sure that’s actually the case. In fact, that’s why it is our right to be here today and to voice —

**Mr Kormos:** Of course, and I’ve enjoyed listening to you.

**The Chair:** Thank you very much, Mr Kormos. We must move on to Mr Rollins.

*Interjection.*

**The Chair:** Mr Kormos, we have a plane to catch, if you would cooperate, just for once. Mr Rollins.

**Mr Rollins:** Thank you very much for this presentation. From the experience I’ve had while I’ve been on this committee, you certainly move into first place with the kind of presentation and the kind of gusto that you have for your establishment, the Windsor Raceway.

**Mr Millson:** Thank you.

**Mr Rollins:** That kind of input is certainly the kind of input this government wants to encourage and those are the people who will be successful. How many horses do you have come in from the States? Very few?

**Mr Millson:** Yes, we have quite a few. There’s a good relationship here between the Ontario horse people, Michigan horse people and Ohio horse people, and they race back and forth. Cara Paroian, my assistant, was over in Toledo last evening racing and I know we have a number who come in and race here, so there’s a good relationship back and forth. But the majority of the horses on site are, of course, Ontario horses and the money stays in Ontario.

**Mr Rollins:** Well, keep up the good work. I’m sure success with the machines will at some time find its way to your place.

**The Chair:** Thank you very much, Mr Millson.

**Mr Millson:** Thank you, Mr Chair.

#### ARLINGTON TAVERN

**The Chair:** Arlington Tavern, Mr Zenon Levitzky?

**Mr Zenon Levitzky:** That’s right.

**The Chair:** Welcome.

**Mr Levitzky:** Thank you. I’m really caught off guard here. I thought it would be maybe a two- or three-person deal on one. But my idea in coming here was to say I’m in favour of it.

I own a small bar in a town called Ridgetown. We have a Legion in town, we have a restaurant in town. In Ridgetown we find that there are a lot of stag and does, there are a lot of baseball tournaments and a lot of hockey tournaments and dances. It doesn’t matter where you go, they’re always having these games of chance. It’s something you can’t stop and it’s raising money for a good cause, obviously; for the bride and groom if it’s a stag and doe, and if it’s for a hockey dance or a baseball dance, they’re raising money for the hockey teams.

Our situation is that we’re trying to survive based on a population of 3,300, and when they do have a stag and



doe or one of these dances, we sit empty in our bar because everybody is over there. Consequently we lay off a bartender, we lay off a waitress, and I usually have to man the phones myself.

I know you folks have had a long day. My theory here was to come in and show you a photocopy of my profit and loss statement from last year. That will tell the story. We did \$440,000 in volume last year and we had a \$14,000 loss overall. If this thing could generate an extra \$100 a week profit for us, which is not a real dirty word I don't think, we could have broken even, or pretty close to that, based on the volume of our share of the take plus people sitting in our bar having a meal, having a drink. 1700

As I say, I'm by myself here. I'm not representing any major group other than some of the independent people in Ontario. That's about all the case I have. I think it's good for the industry because we are taxed to death with liquor taxes and high insurance premiums for liability insurance and that. We could sure use a break somewhere along the line, and this is one of the ways we could do it. Where I live, there are a few bars out of town that do have the illegal machines, the green machines, and all I want is a level playing field on this.

**The Chair:** Thank you, sir.

**Mr Kormos:** Thank you for your interest in coming. I've been to Ridgetown on more than a few occasions and know the town reasonably well. It happens down where I come from too. In smaller-town Ontario, when you've got a couple of big stags and does thrown in with, let's say, the Lions Club, which runs their beverage room in their hall, selling beer at — what is it? — two bucks a pop?

**Mr Levitzky:** Now it's about \$3 a glass.

**Mr Kormos:** At a stag and doe?

**Mr Levitzky:** Yes.

**Mr Kormos:** Okay, three bucks a bottle. The taverns, I don't care if it's Friday or Saturday night, are virtually empty, haven't got that big a market.

**Mr Levitzky:** That's right.

**Mr Kormos:** Again, in smaller-town —

**Mr Levitzky:** Ontario.

**Mr Kormos:** I don't know what the case is on Yonge Street, but I'm sure it's a little bit different. People have raised the same concern about, in effect, what are subsidies from government — and, again, not just this one; historically — to, for instance, the charitable organizations that serve beer, be it the minor hockey — they're getting government funding, if not directly, indirectly, as proposed through the charitable funding, because they're competitors too. They're selling beer at cost —

**Mr Levitzky:** Volunteer service. Nobody's getting paid there.

**Mr Kormos:** That's right. So part of what you're talking about embraces that problem as well, doesn't it?

**Mr Levitzky:** Yes, it does. As I say, if it happens 10 times a year, that's 10% of my business gone right there for the whole year. The other thing is — and I've been to these stags and does and to these dances — there are no checks on kids going in. There are minors going in, there's gambling going on, there's drinking going on, there's drugs going on. These things are charity fund-

raisers and you've got 2,000 or 3,000 people attending some of these big does. There's no way to control it, whereas if it's in a bar, you've got to be 19 to drink in a bar. We have a policy in our bar that after 9 pm no minors are allowed, period. If they want to come in before 9 o'clock with their parents to have a meal, great. At 9 o'clock, they're out of there.

**Mr Kormos:** I've got to tell you, I have regard for that type of control.

Okay, you know what my position is on slots.

**Mr Levitzky:** Yes.

**Mr Kormos:** I'm not a supporter of slots. I hear what you're saying. You know that the government's made a commitment for racetracks and charitable casinos.

**Mr Levitzky:** I think it's a great idea.

**Mr Kormos:** Okay, they've made that commitment. The hotel, motel is down the road. You've got the big players, though. You've got the hotel-motel association with its high-priced lobbyists attending all these meetings —

**Mr Levitzky:** God bless them.

**Mr Kormos:** — preparing slick submissions for all of its participants. You've got Days Inn, and some of the other big players have lined up. I'm anti-slot. My concern for you, though, is if and when the day comes, you may be at the end of the list. I don't know how small operators put themselves on par, with this government, with the big contributors and the big funders. So I wish you well on that.

**Mr Levitzky:** I'd rather be a sloppy second behind some of these big guys, because I think if there's a ray of hope, it will help us.

**Mr Kormos:** Okay, I hear what you're saying. Good luck to you.

**Mr Levitzky:** We're at the mercy of a lot of different situations beyond our control. Something like this, I feel, would just be a good shot in the arm and give us a little bit of a cushion, if you will, when we have to compete with the other organizations in town.

**Mr Kormos:** I appreciate what you're saying. Thank you, sir.

**Mr Klees:** Mr Levitzky, thank you very much for taking the time to be here today.

**Mr Levitzky:** My pleasure.

**Mr Klees:** It's really this kind of very practical input that's important to us, and I'd be interested in your opinion. Obviously, from the standpoint of a businessperson, you would welcome the VLTs as a support for your business. I'd be interested in your thoughts as to how you feel the people of Ridgetown would feel about VLTs being at your premises. Do you have any thoughts on that?

**Mr Levitzky:** We have in Ridgetown a large number of churches. The funny thing is they're against gambling, but they're the first ones in there with the bingo. It's sort of hard to justify that they can take money from people playing bingo, which is a form of gambling, I guess.

My customer base in Ridgetown is mostly farmers. They're hardworking people. From April through about October I don't see a whole lot of them. After the harvest is done in October, they've got nothing but time on their hands and they'll sit at the bar pretty well all day, come

in for a few drinks, come and go. I know they would entertain the thought of having a VLT to put a few loonies in or whatever, rather than driving down to Windsor, which is a good hour's drive from Ridgetown.

You're always going to have some opposition to it from various groups, but I think that the basic people who are our clientele would be more than happy to have an extra additional entertainment going on.

**Mr Klees:** Generally, your view is that the community wouldn't object and would see it as another form of entertainment.

**Mr Levitzky:** Exactly.

**Mr Klees:** From your standpoint, it would certainly add something to the bottom line. By the way, the word "profit" is not a dirty word.

**Mr Levitzky:** I'm glad to hear it.

**Mr Klees:** I know that businesses around the province certainly got the message under the last government that it was and we are committed to providing support to businesses in this province, at least providing the level playing field that so many people have been talking about.

**Mr Levitzky:** Exactly.

**Mr Klees:** Once again, I want to thank you for your input here today.

**Mr Levitzky:** My pleasure.

**Mr Kormos:** I don't know, Chair. Last time we heard so much talk about level playing fields from the Tories, we got Brian Mulroney.

**The Chair:** Thank you for your comments, Mr Kormos.

Mr Levitzky, I thank you very much for taking the trouble to attend before us today.

**Mr Levitzky:** Okay. Would you like to have a copy of my statement?

**The Chair:** Actually, I was going to ask you a question. When did you start losing money? I assume at somewhere along the line you were making money.

**Mr Levitzky:** My first year in business I made a \$500 profit based on the same volume. Then I decided to take a bit of a chance and I hired live entertainment. That cost me an arm and a leg and that took my profit away from me.

**The Chair:** So you've only been in business a couple of years at this location.

**Mr Levitzky:** Three years, yes.

**The Chair:** I don't think we have to see it. We believe you.

**Mr Levitzky:** Okay. I did bring it with me.

**The Chair:** Thank you very much.

This hearing is adjourned to Monday at 9:40 am at the Delta Hotel.

*The committee adjourned at 1707.*



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### **STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE**

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 \*Mr Gerry Martiniuk (Cambridge PC)  
 Mr John L. Parker (York East / -Est PC)  
 Mr David Ramsay (Timiskaming L)  
 Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
 Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
 Mr Gerard Kennedy (York South / -Sud L) for Mr Conway  
 Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton  
 Mr E.J. Douglas Rollins (Quinte PC) for Mr Leadston  
 Mr Bob Wood (London South / -Sud PC) for Mr Doyle  
 Mr Terence H. Young (Halton Centre / -Centre PC) for Mr Parker

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 19 August 1996

# Journal des débats (Hansard)

Lundi 19 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public





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LEGISLATIVE ASSEMBLY OF ONTARIO  
**STANDING COMMITTEE ON  
 ADMINISTRATION OF JUSTICE**

Monday 19 August 1996

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO  
**COMITÉ PERMANENT DE  
 L'ADMINISTRATION DE LA JUSTICE**

Lundi 19 août 1996

*The committee met at 0940 in the Delta Hotel, Ottawa.*

**ALCOHOL, GAMING AND CHARITY  
 FUNDING PUBLIC INTEREST ACT, 1996  
 LOI DE 1996 RÉGISSANT LES ALCOOLS,  
 LES JEUX ET LE FINANCEMENT  
 DES ORGANISMES DE BIENFAISANCE  
 DANS L'INTÉRÊT PUBLIC**

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / *Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.*

**The Chair (Mr Gerry Martiniuk):** Good morning, ladies and gentlemen and members of the committee. This is a hearing of the standing committee on administration of justice. We are considering Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming.

My name is Gerry Martiniuk; I'm the Chairman of this committee and the member for Cambridge. I'd like to welcome Garry Guzzo who represents Ottawa-Rideau, Bob Chiarelli — he's not here yet but he will be here, I understand — from Ottawa West, and Mr Richard Patten, Ottawa Centre.

**Mr Richard Patten (Ottawa Centre):** I'd like to welcome everyone to the fine riding of Ottawa Centre this morning. It's a riding distinguished by a very strong business community, a residential community, Parliament bills — Parliament Hill, rather; Parliament bills, that's probably right — the Canadian government and the experimental farm, so I have a very large agricultural farm in my riding, for all those who come from the rural areas. Thank you, Mr Chair, for the opportunity.

**ONTARIO RESTAURANT ASSOCIATION,  
 OTTAWA REGION**

**The Chair:** Our first presentation is by the Ottawa region of the Ontario Restaurant Association represented by Mr John Myers and Mr Phil Waserman. Good morning and welcome, gentlemen. The procedure is that there is 20 minutes set aside for your presentation including questions, and I'd ask you to proceed.

**Mr John Myers:** Good morning, Mr Chair and members of the committee. I am John Myers. I'm the

president of the Ottawa region of the Ontario Restaurant Association. I'm joined by Phil Waserman who is the past chair of the Ontario Restaurant Association and also the owner of the Courtyard Restaurant here in Ottawa. I'd first like to thank the committee members for permitting us the opportunity to speak before you this morning on the issue of video lottery terminals.

Let me begin by stating that the Ontario Restaurant Association, and particularly the Ottawa region, strongly supports the government's initiative to introduce video lottery terminals in Ontario's licensed hospitality establishments. We believe it will provide the hospitality industry with some renewed hope for growth in the future and will help stimulate job creation.

As I'm sure you are aware, the hospitality industry is one of the province's largest and most important industries. However, in the past few years the Ontario labour market has undergone major changes, with unemployment almost doubling from 5.1% in 1989 to 9.6% in 1991 and since holding at about 9%. Particularly vulnerable to these job losses and prolonged unemployment have been workers with limited skills and qualifications. Included in this group are young workers just entering the job market.

During that time the foodservice employment contribution has been significant. In 1995, foodservice occupations provided jobs for 252,000 people in Ontario. This accounted for 46% of the persons employed in the low-skill, entry level segment of the Ontario economy.

Foodservice employment is also an accessible and important point of re-entry into the labour market for the unemployed, particularly those displaced from other occupations. Studies show that about 13% of those hired into the Ontario foodservice industry are displaced workers.

These various dimensions of Ontario foodservice employment clearly demonstrate our vital contribution to the low-skill, entry level market and our significant contribution to the labour market performance in the Ontario economy overall.

Unfortunately, in recent years the industry has been hit hard not only by the recession but by cumbersome and burdensome red tape. The hardship is apparent when examining the decline of the foodservice dollar share in Ontario. In 1989 the foodservice dollar share was 43%; in 1995 it had declined drastically to 36%. This is contrasted in the United States in the same period of time, where in 1989 the foodservice dollar share was 44% and it increased in 1995 to 45%.

We are now just beginning to see some of the damage being undone with such initiatives as the elimination of the employer health tax on the first \$400,000 of payroll,



the elimination of the corporate filing fee and the extended hours for restaurants and bars. Again, let me state that we are in full support of the government's initiatives, but these are only the beginning, and we do need more.

As I indicated earlier, the hospitality industry has been hit hard by the recession. In Ottawa, we have also had to deal with the millions of dollars of discretionary income travelling across the Ottawa River into the Hull casino. This has done tremendous damage to an awful lot of restaurants in the Ottawa area. As a result, our Ontario foodservice industry must find new and inventive ways to attract customers back into their establishments.

The introduction of VLTs is an important tool in attracting customers back into Ontario's hospitality establishments and keeping them there. VLTs will also assist operators in attracting new customers into their operations. To be competitive today, the marketplace demands added entertainment value. As operators of hospitality establishments, we should be able to meet that request legally.

As we are all well aware, there is somewhere in the vicinity of 15,000 to 20,000 illegal VLTs, or grey machines, currently in the Ontario marketplace. The existence of these machines creates a great disadvantage for those of us who wish to maintain a legal operation. We believe that through the introduction of VLTs in licensed establishments, the government can assist in creating a level playing field for all licensed establishments.

It is all too often the case where operators are placed under undue pressure to buy these machines, not realizing that they are illegal or that the people they are dealing with are not of the utmost legitimate nature. The hospitality operator is promised a very profitable return from these machines. However, the return is often skewed by the organization that sold the operator the machine.

Furthermore, the proprietors of these machines are often from outside the province of Ontario, from such places as Montreal or Buffalo. As a result, the revenue from the sales of these machines is also going outside the province of Ontario. We believe the introduction of VLTs will bring the revenues that are already in existence from these machines out of the underground economy and into the legitimate and legal marketplace.

As mentioned previously, we also believe that with the introduction of VLTs into licensed establishments there will be entry job creation since there will be an increase in customer flow and the time a customer remains within the establishment will also increase. With both of these increases, food and beverage sales will definitely increase, and this will result in more jobs and job creation.

**The Chair:** Thank you very much. We have approximately four minutes per caucus. Mr Flaherty.

**Mr Jim Flaherty (Durham Centre):** Good morning. Nice to see you this morning; nice to be here. On behalf of the government, we're pleased to be in Ottawa today. We've been in northwestern Ontario in Thunder Bay and Kenora and southwestern Ontario in Sarnia, and we've also been in Fort Erie and in Toronto of course. It's a pleasure to be here.

With respect to the grey machines you mentioned in your presentation, we have heard around the province that

they are a real problem, and of course they're illegal. They're making money, and they're making money not for charities and not for the taxpayers; the money is going to Buffalo and Montreal and other places, as you've mentioned. We learned last week from the Quebec lottery corporation that they have seized about 8,000 illegal machines since they legalized video lotteries in the province of Quebec. So we can look forward, I hope, to that sort of development in the province of Ontario.

The government's view is that the majority of persons who engage in gaming in Ontario are mature and reasonable in the way they approach it. They're moderate in their habits, whether it's bingo or break-out tickets or Monte Carlo nights.

**0950**

We have the experience of the other eight provinces that have video lotteries and we know from their experience that the profile of the average video lottery player in Canada is that they play once or twice a week for about 30 minutes at a time, that they spend about \$10 each time and that they play with a prearranged budget. Once their dollars are exhausted, or they win or whatever, then they stop playing, which is evidence of mature behaviour with respect to gaming.

But we don't sweep under the rug the problem of the 1% to 2% of persons who engage in gaming who will become addicted. We already have readily available gaming in Ontario, so that is not a new problem being introduced by video lotteries, but what is new is a government for the first time dedicating millions of dollars to address treatment, therapy and education with respect to addictive behaviour in gambling. It is our government's commitment to commit 2% of the gross revenues of the funds coming from video lotteries, except for those at racetracks, to address that problem.

The idea is that we proceed with a measured, controlled, phased introduction, first at racetracks and permanent charity gaming sites and then gradually to licensed premises, which brings me to licensed premises, which is what you're here about. I want to ask you about something that is raised with us and is a matter of some concern, and that is access by minors to video lotteries. The legislation itself, the draft Bill 75, says that not only are minors not permitted to play the machines, but also licensed premises must set aside an area specifically for the machines and minors are not even permitted in that area. Is that realistic in terms of your industry?

**Mr Myers:** I believe it is. We're dealing with an industry that already deals with alcohol service. We also are not allowed to serve alcohol to minors. These will be segregated in areas, I'm sure, where there will be alcohol service in the majority of the cases. Of any group that would be able to handle this situation, I think you would find licensed operators are the best trained in the province right now.

**Mr Flaherty:** With respect to the hospitality industry, we've heard this legislation will create approximately 10,000 jobs in the hospitality and tourism sector, particularly in some of the rural areas of the province. What has been your employment experience in recent years in your area?

**Mr Myers:** Certainly we have seen a decline in employment in the hospitality industry. As I say, the

numbers I quoted as far as foodservice dollar share is concerned totally reflect back to profits in restaurants, the number of bankruptcies and that there has been a drastic decline. The exact number I do not know. I don't know if Phil does. It has been a dramatic decrease in the number of employees. As I say, we're just starting to get going in the right direction again where we're able to look at job creation in the industry. It should be a major area of job creation for the whole province.

**The Chair:** Thank you, Mr Flaherty. Your time is up. I'm sorry, Mr Guzzo, there is no time. Mr Patten.

**Mr Patten:** Welcome this morning to the meeting. Good to see you, Phil. I must tell you that Mr Wasserman's restaurant is a very good one; I've eaten there many times.

**Mr Myers:** And I agree.

**Mr Patten:** You may have gathered some of the concerns of our caucus, particularly on the social ramifications of it. There's no doubt that we have tremendous empathy for your situation and the relative hard times you've gone through and the difficulties and some of the competitions. I can see where there would be a strong interest to look at any possibility that might add to and ameliorate the attractiveness of new clients.

Before I ask you one other question, I'd like to ask you, are there areas you think the government can do to strengthen your capacity to operate more cost-effectively or to be able to attract more customers into your businesses other than VLTs?

**Mr Myers:** There are numerous other ways that our association would like to see to make our establishments more cost-effective. I think wholesale pricing of liquor is probably our number one priority at this point. There are a number of other issues. As far as added entertainment value within the establishments is concerned, I don't think there is very much more, certainly not that I can think of, that the government would be interested in doing.

**Mr Patten:** A quick question: Are you aware of where there are these grey machines?

**Mr Myers:** I've seen them. In fact, I was starting to do some consulting for a restaurant. I just got their income statements yesterday and I noticed slot machines were part of their revenue, and that's in Ontario.

**Mr Garry J. Guzzo (Ottawa-Rideau):** Not in Ottawa Centre though.

**Mr Myers:** No, it wasn't in Ottawa Centre.

**Mr Guzzo:** You'd never find one in Ottawa Centre.

**Mr Patten:** Knowing the vigilance and the enthusiasm of the Solicitor General, who is also the Minister of Correctional Services, I find it surprising that somehow we can't clamp down. We can clamp down on certain things; we can't clamp down on illegal operators of VLTs, especially when I hear they're in the thousands. When someone gives me a quote that there are 15,396, I say: "How do you know so specifically that there are these? Where are they? How come for some reason we can't put a stop to a machine that" — unless it's on rollers and you can kind of wheel it in and wheel it out. I find it strange that that can't be dealt with and I think maybe the committee should look at it.

In reference to your Manitoba studies, we're led to believe that both Manitoba and Alberta have put a cap on

VLTs and in fact Manitoba now has begun to cut back on the numbers that they have and the context in which they are using them. Do you have any information on that research?

**Mr Myers:** I do not, but I'd be happy to get that information to you if it's available to me.

**Mr Patten:** Okay, fine, thank you very much.

**Mr Myers:** Can I add — when we talked about the illegal machines, just to make it clear, as I said in my presentation, most of the time the operators are not aware that they're illegal. They are being presented as legal machines. They see them in other establishments and that is how they're being sold. I just want to make it clear that we're not dealing with a rogue pack of restaurant people here.

**Mr Bruce Crozier (Essex South):** Good morning. I am interested in any presentation that says that these VLT machines are entertainment. As a matter of fact, in your presentation you've said that Barbara Gfellner from Brandon University has conducted a study that says most people play these to socialize and not to gamble and it's viewed as a recreational activity. Do you agree with that?

**Mr Myers:** Yes. Actually, I just was in Winnipeg, in Gimli in fact, and was in a couple of these places and experienced it with my family there. That is my personal experience and that is what that study also shows, that people are not going to these bars for the VLTs. It is an added entertainment value that may keep the people in the establishments a few minutes longer and will increase food and beverage sales. I definitely agree with that, yes.

**Mr Crozier:** Are you aware that in Alberta they have found that the money they receive on food and beverage is lessened, that it seems to have been cannibalized over to the VLTs?

**Mr Myers:** My experience once again, from Gimli and Winnipeg, was very much the opposite. In fact I was in two establishments that had been saved by VLTs. They would have gone bankrupt if the VLTs had not been implemented. I didn't get the actual breakdowns on where the sales came from. Certainly they get some revenues from the machines, but they felt that their food and beverage sales had been increased enough that they were able to stay in business.

**Mr Crozier:** They're amazing little machines then, aren't they?

**Mr Myers:** They are.

**Mr Peter Kormos (Welland-Thorold):** Thank you, gentlemen. Again, you're telling us today what restaurateurs and hotel-motel people across the province have been telling the government: You want slots. No two ways about it. There's a whole lot of money to be made. I don't quarrel with that. It's no accident that the government isn't saying, "We'll let you run blackjack tables," or "We'll let you run poker tables," because those are labour-intensive. They don't have the same allure or speed of a slot machine — one and a half seconds between plays — and the technology is such that they're becoming more and more attractive, more and more alluring. We're on the cusp of virtual reality.

*Laughter.*

**Mr Kormos:** No, it's true. The manager of the Windsor racetrack was in front of us talking about the



technology of a video machine where you bet your horse, you put it on "picture on picture," just like your RCA at home, watch your horse race, and then you play the slots in that minute and five seconds or however long the horse is running. You just go "picture on picture." You swap it.

1000

Again, I have no quarrel with the proposition that this is going to make a whole lot of money. I appreciate your reference to Gfellner — here it is; I've referred to it many times — but the fact is that, among other things, Gfellner notes that 9.1% of men and 9.3% of women who play the slots are pathological gamblers. Incidence of pathological gambling is far higher in slots than is the national average here to date of albeit 2% to 3%.

Frisch, University of Windsor, talks about 17% of adolescents either being pathological gamblers or high-risk gamblers. Derevensky at McGill University has found some of the same results in his research among university students and CEGEP students. Schaffer, Harvard University medical school, similarly found incredibly high risk.

We're looking at a phenomenon of a generation of young people who have been nurtured on video games and this high-tech stuff who are ripe for the pickings.

I have no quarrel with you. Why shouldn't you want to get in on the action? But there's a whole lot of money to be made and I, quite frankly, am concerned about the social costs because this is a far different kind of game than shooting craps, than playing the horses, than playing blackjack and playing poker. It's been called, and for good reason, the crack cocaine of gambling.

Heck, the government's got ARF, the Addiction Research Foundation, on side. It's got Dr Room, vice-president at ARF, saying, "Oh well, slots are no more addictive than any other form of gambling." Incredible. His own colleagues disagreed with him in Thunder Bay and Kenora, but that illustrates to me how corrupting this can be. If I were the vice-president of an agency like ARF that receives all of its funding from the government and I was at risk of being cut, I might be lured into saying, "Oh, no, I was wrong all my professional life about what I and other scientists say about slots, because I want a piece of the pie too," just like you want a piece of the pie.

But it's a done deal, I'm convinced, because the sort of people this government has to deal with to purchase 20,000 slots don't permit reneging on deals. You end up with your legs broken if you break contracts with those people.

And Jim Flaherty —

**Mr Flaherty:** Not today, Peter.

**Mr Kormos:** Oh, Jim Flaherty has acknowledged — look, there isn't a gaming jurisdiction with slots in the world over 10 years old that hasn't been infiltrated and corrupted by the mob. The fact is that the slot industry in the United States — Las Vegas, Baton Rouge, Atlantic City — is notorious for historical mob involvement. These guys want to be sleeping with the mob. God bless them.

**The Chair:** Gentlemen, I thank you very much for your presentation. I'm sorry, the time has elapsed.

Before we proceed to the next presenter, Mr Guzzo has a point of privilege he'd like to raise.

**Mr Guzzo:** For the record, Mr Chairman — and I should have done it before the first operation — I want it to go on record that five of the seven presenters this morning are individuals or groups with which I have had a relationship, primarily as a lawyer, and have acted for some of them. I don't think I have a conflict of interest in that no one here is receiving treatment any different from that of any of their competitors. But I make that comment for the record, and it applies to the restaurant association — some of their members have been and are clients of mine — as well as to the Canadian Standardbred Horse Society, the Ottawa Valley horsemen, the Kuiken family and Golden Lake Tavern and Rideau Carleton Raceway. I also just indicate that many of those relationships go back to a time when I was a partner with Bob Chiarelli, the member for Ottawa West, and the same situation —

**Mr Patten:** That's why you're here.

**Mr Guzzo:** Yes. Anyway, I just thank you for the opportunity of putting it on the record.

**The Chair:** Thank you, Mr Guzzo.

#### RIDEAU CARLETON RACEWAY

**The Chair:** Our next presentation is by the Rideau Carleton Raceway, Mr Glen Pearson, president. Welcome, Mr Pearson. Once you're set up there, I'd ask you to proceed.

**Mr Glen Pearson:** Mr Chairman and members of the committee, we welcome the opportunity to make our presentation before you today. Rideau Carleton Raceway would like to thank the committee for the opportunity to appear and present this report today. We would also like to thank the government for recognizing the needs of the horse racing industry and the significant benefits it offers Ontario.

We have repeatedly attempted to interest successive governments in our industry's needs. We believe the horse racing industry warrants the government's attention and this committee's full consideration. Therefore, we salute and support Bill 75. We believe it will support the horse racing industry and sustain Rideau Carleton Raceway now and in the future.

Rideau Carleton Raceway is a long-standing institution in eastern Ontario, operating and contributing to the local and provincial economies for over 30 years. The raceway has a history of generating local jobs and significant tax revenue for government. Rideau Carleton Raceway annually employs over 400 people.

In addition to the 400 personnel in the stands and in the front of the house, we have a small town in the barn area, with an equal number of grooms, trainers, blacksmiths and service personnel. Myself and our staff are the non-elected mayors, police chiefs, planners, recreation directors for these 200 people who live in tack rooms at the racetrack. We supply showers, rooms. We serve turkey dinner for Thanksgiving. Imagine the interest that would be created if the government stepped forward in this small town, a plant was to open and 200 additional jobs were to be created. It no doubt would create a lot of

interest locally and across the province. Bill 75 will help Rideau Carleton Raceway make that change.

The racetrack is part of the horse racing industry, which contributes \$2 billion to the Ontario economy annually. Specifically, the industry generates \$350 million in feed, hay, straw and local services; employment for more than 40,000 full- and part-time workers in the province; \$1.17 billion from suppliers, both direct and indirect; \$240 million of capital expenditures annually; and \$240 million of spectator expenditures, not including \$889 million in wagering.

The horse racing and breeding industry is labour-intensive, directly and indirectly supporting over 6,000 jobs in eastern Ontario. The employment base is primarily composed of unskilled, low-paying jobs on farms and at the track. Due to the lack of skills and the relatively low levels of education of the industry employees, social assistance could be their only alternative.

Over the past decade, Ontario horse racing has experienced significant declines in attendance and wagering. The trend is also true for Rideau Carleton Raceway. Like many of our friends in retail and housing, automotive, other industry sectors, racetracks have also been hurt. The Deloitte and Touche study, *The Economic Impact of Horse Racing and Breeding in Ontario, 1995*, which I have here with me, attributes the downward trend to consumer taste, the state of the economy and the increased competition for the entertainment dollar.

Due to our special circumstance and border location, Rideau Carleton Raceway requires the new video lotteries at racetracks and the charity casino programming venue to ensure the racetrack's continued viability.

The new Hull casino is enjoying about 10,000-plus patrons daily, many of them coming from the Ontario side. I hope the committee will have the opportunity today to visit the Hull casino. It's a beautiful gaming place and it proves that gaming is alive and well to the residents of Ottawa-Carleton, as you will see by the number of Ontario licence plates that'll be in the parking lot. A resident who lives near the Parliament Buildings can visit the casino in Hull in the same time it takes to drive to the track. The only difference is that there'll be a number of grey market slots on the way to the track. The Hull casino, of course, is fully authorized by the Quebec government.

Legal video lotteries are allowed in all the Quebec bars that border Ottawa. They're available at the hippodrome d'Aylmer. Rideau Carleton is also bordered by US gaming facilities on the St Regis reserve near Cornwall and the expanded Montreal casino in Quebec. Rideau Carleton would only be able to surmount the new competition and seasonality limitations of our racing operation with a year-round entertainment program, with more options to develop customer loyalty and a long-term business franchise.

**1010**

Recently at Rideau Carleton Raceway, as mentioned earlier, attendance has declined and with it the financial resources necessary to maintain a modern, attractive entertainment facility. Rideau Carleton is not unique among racetracks and entertainment facilities. We are on record in this community and with the provincial government demonstrating the need to ensure that the racing

industry is maintained and offered a competitive share in any new gaming initiative to foster renewal, investment and growth in the agriculture and tourism sectors. Racetracks across North America have been able to turn the corner and compete profitably with various forms of casinos and video lottery programming as part of their entertainment offering. Rideau Carleton Raceway offers the same opportunity.

The May 7, 1996, provincial budget tabled by Minister Ernie Eves included positive and bold steps to support the horse racing industry and the related agriculture business communities in Ontario. The introduction of video lotteries and the reduction of the racetrack tax-sharing arrangement will not only assist racetracks in maintaining the industry but for the first time in years potentially foster growth. Rideau Carleton Raceway is making this presentation today to ensure that the government's interest in assisting the horse racing industry is acknowledged as a welcome, needed action and that the execution of the government's intention serves as a real net gain to Rideau Carleton since our location is impacted by border gaming. Rideau Carleton needs video lotteries and interim charity gaming programming to remain competitive.

Las Vegas represents an interesting comparison where the tourism destinations have been enormously successful in attracting new visitors. New programs were offered since visitors are gambling less, an average of \$114 per visitor per day compared to \$120 per day in 1989. At the same time, spending has tripled on entertainment activities other than gambling, increasing upwards to \$97 per day. This shift represents the reprogramming that the gaming capital of the world had to undergo to maintain its tourism numbers. They are offering other than gaming venues, new attractions to maintain tourist interest.

Although operating on a different scale, Rideau Carleton Raceway and other racetracks can grow with increased patronage by bringing in new entertainment programming as well to increase and renew interest in racetracks. Las Vegas required programming other than gaming whereas racetracks need gaming. The formula has worked in many tracks across Canada and the United States. New gaming and entertainment opportunities will also be highly successful at Rideau Carleton Raceway. Racetracks require other gaming options to be competitive and maintain consumer interest and a share of the gaming dollar.

The introduction of video lotteries in Ontario through racetracks is a positive and responsible method of launching and administering video lottery gaming in the province. With the appropriate number of video lotteries and charity gaming tables at Rideau Carleton, new capital investment would be available to accommodate the new programming and directly benefit racing. In essence, the investment would revitalize the racetrack through significant upgrades to the existing facility; enhance the benefits to the horse racing and agriculture sectors through a new purse stabilization fund to foster a higher level of interest and participation in the racing venue; sustain and build on the current employment at the racetrack itself while also creating substantial incremental employment in the local economy, both direct and indirect; and generate substantial incremental tax benefits to all levels of government.



The strategic vision developed by Deloitte and Touche for the future is "to provide an improved gaming/entertainment product at our racetracks and provide greater convenience to our customers by way of improved...and other forms of wagering." A key element in this vision is to make a racetrack "a fun place to be with a variety of entertainment and gaming options."

The selection of Rideau Carleton Raceway as a proposed charity casino site in addition to the announced video lottery program would mean agriculture benefits and job creation; the potential of upwards of \$20 million in revitalization to accommodate the entertainment plan and horse racing; a positive introduction of video lotteries and charity gaming; a controlled environment through professional, proven management and continued stewardship; a fall 1996 opening; instant reporting and continuation of practices already adhered to in computer wagering presently available at racetracks.

In some respects computer video terminal gaming already exists at racetracks, as we have touch totes that are available where people self-serve themselves with betting and vouchers. Many of the racetracks, including Rideau Carleton, across the province presently have these in place on track in many of our offtrack locations. Managing VLTs will only require the expansion of our existing capabilities.

Other benefits in selecting Rideau Carleton Raceway: We would provide a turnkey, self-funding option, no government funds required; expansion available for future growth; and public and private partnering to maximize the government's return/tax generation through joint programming and management.

In addition, Rideau Carleton Raceway would not only provide a controlled environment for video lotteries; the location itself is a proven controlled environment. Patrons must purposely visit the site to place or make a wager. We do not impact on our neighbourhoods nor do we upset the delicate balance or nature of the local communities with gaming. Rideau Carleton Raceway holds an unprecedented record of performance in the industry and is proud of its local community accomplishments.

In your package you'll see there's a letter from the mayor of Gloucester, Claudette Cain. I'd like to read from that letter:

"Bill 75, which includes provisions for the introduction of video lottery terminals in Ontario, is the opportunity you have been waiting for to enable you to revitalize Rideau Carleton Raceway.

"As mayor, I fully support your initiatives to make the raceway site a family entertainment complex. I also support your application for VLTs at Rideau Carleton Raceway because the organization has been an excellent corporate citizen for many years; has earned the respect of our community; has the ideal site and infrastructure already in place; will not be infringing on a residential community; will create many new jobs; will create a new source of revenue within the municipality; will have the potential to contribute to the vitality of local charitable organizations.

"Let me assure you of Gloucester's full cooperation as you begin to implement your exciting plans for our community. Our staff are well equipped to assist you in the process.

"I congratulate Rideau Carleton Raceway for recognizing the potential for making the site a year-round family entertainment complex."

In the companion study aimed at improving the competitive position and the financial viability of the industry within the entertainment sector, once again Deloitte and Touche stated that the economic benefits of horse racing in Ontario were significant:

"Against the persistent slack in the Ontario economy and the declining economic base in agriculture, horse racing and breeding assume a critical function in shoring up both the provincial economy and particularly the local economies where horses are raced and bred."

Also in your package you'll see that there's a letter there from a local blacksmith, Doug Forgie. Mr Forgie states that he's a horseman who races at Rideau Carleton Raceway. This is a typical letter from somebody who's really not a statistic but a person who makes his living at racing. He's a professional blacksmith by trade. He's been involved in horse racing for over 30 years. His entire family is also active. Two of his sons are trainers and drivers, his daughter is a trainer and his eldest son is the starter-patrol judge at our racetrack. He's also a blacksmith. In his letter he states that video lotteries and the tax reduction will enable the horsemen and women to maintain a living and stay in Ontario instead of going to different jurisdictions.

#### 1020

There's also a letter there from Ottawa Feed and Hardware, which was formerly known as the co-op store:

"Rideau Carleton has dealt with this location for over 25 years, first when it was known as United Co-op and for the past couple of years under our new name, Country Depot (Ottawa Feed and Hardware). They" — talking about us — "and their horse people are excellent customers who presently are struggling to make ends meet. They need the financial boost that VLTs would give their industry and, in turn, the local retailers would also benefit."

To successfully implement the strategic plan and to maintain and create agriculturally based jobs and foster growth and renewal, we require the government's continued support. We need an optimal number of video lottery terminals and charity gaming tables in a controlled, not saturated, market which will afford the track a real net gain and ensure a prosperous future. We ask for this committee's attention and thank the government for its interest in supporting horse racing in Ontario.

**Mr Patten:** Glen, good to see you. I know you run a good operation and also contribute a lot to the community, there's no doubt about that, and I know you are in competition with many other areas.

One thing I'd like to pursue with you, not now but at another time, would be the strength of the conversion of Las Vegas and where they began to look at families as being the source of attracting people to Las Vegas, which went against the grain of more and more gambling. They looked at other forms of entertainment participation to enable them to bring people back into the hotels and into their restaurants and whatever endeavours. Based on that, my hope is, frankly, that you will not be disappointed. My understanding is that there will be about 500 of these machines in some of the "major" — I don't know if

you're considered one of the big four in the province or not.

**Mr Pearson:** I'm big, but I don't know if I'd be in the top four.

**Mr Patten:** Not you; I meant your track.

**Mr Kormos:** Mr Pearson, thank you. You've said what other racetrack operators and the horse race industry have said across the province. I've got to tell I was more inclined to agree with Ernie Eves in March of this year when he said: "VLTs could create a lot of social problems in society. Lots of other provinces have introduced VLTs and lots of other provinces have had social problems as a result of VLTs."

I was more inclined to agree with Mike Harris back in May 1993 when Mike Harris said: "'Gaming doesn't come cheap.'...It brings crime, it brings prostitution, it brings a lot of the things that maybe areas didn't have before. There is a big cost to pay."

I feel somewhat saddened that Mike Harris and Ernie Eves have gone full circle. I guess they've haven't gone 360 degrees; they've certainly gone 180. But don't worry. It appears that everything's A-OK because Jim Flaherty — he's the person here closest to the top dogs — told the Buffalo News last week that all that remains to determine is how fast the 20,000 slot machines will be installed. That's the only thing that's left to decide: how fast those 20,000 slots are going to get out there.

**Mr Ron Johnson (Brantford):** Mr Pearson, thank you for your presentation. I just want to take one second to correct what Mr Patten alluded to a minute ago. There have been absolutely no decisions whatsoever, nor any discussion, as to the number of machines that would be going into racetracks or which particular racetracks, just for the record, so you understand that completely.

Give me a quick estimation. How many jobs do you think you'll be able to create, or save rather, in the declining horse racing industry if VLTs are put into the racetrack?

**Mr Pearson:** Presently, as mentioned in the report, there are about 6,000 people who are employed in eastern Ontario. First of all, we'd obviously like to maintain the present jobs we have and then expand from there. The comment that I'd like to make is that the speculation on behalf of myself to be in front of this committee and then of course be in front of the government when the committee finishes the report to see the splits in the formulas with regard to video lottery and charity casino gaming and all those things, but —

**The Chair:** I'm sorry, Mr Pearson; our time for this presentation has elapsed. I certainly thank you for taking the trouble to attend today before the committee.

#### GOLDEN LAKE TAVERN

**The Chair:** Our next presentation is the Golden Lake Tavern, Mrs Grace Kuiken. Welcome.

**Mrs Grace Kuiken:** Good morning. I'm not quite as polished as all the people who are here. I don't know that much. All I can tell you is what I feel. I'm going to be speaking as if it's my own concern and my own business, but there are hundreds of us who are out in rural Ontario.

We are the very small family-owned businesses. We generally own and operate our own establishments and we do it all, the bookkeeping, the bartending, the cooking, the serving, the maintenance etc.

For years now we have seen our business declining, not through poor business practices but because of changing times. If we are conscientious licensees, we pay attention to our customers. In blunt words, we serve them a lot less than what we used to. Without going into details, I'm sure that you all as business people would understand what that means. The general public have also changed their lifestyles and in two examples I would like to explain what I mean by that. This happened in our establishment so I speak from experience.

First, a group of about 30 people came to watch the Olympic opening on our big screen. We served these people on average about one and a half times during the four hours they were there. If this had been about 10 years ago we would have been asked to serve about four times during four hours.

The second example is a couple that we've known for 22 years — we've been in our establishment 23 years now — who came to the laundromat that's on our premises. Twenty years ago, while they waited for their laundry to be finished they would have been inside having a beverage, something to eat, but waiting their time out inside. This year, in order to have a conversation with them, we went outside to talk to them and ask them how things were going.

That's how things have changed. It's not a complaint. It's just the way that it is. As that news anchorperson always used to say, "That is what real life is like," it's reality.

What we're asking you is to give us an opportunity with these video games to utilize our establishments. We've got empty seats. The good licensee operator operates within the guidelines and the rules and generally a rural operator — I'm talking about what I mentioned earlier, the people who are there all the time — does a good job because his customers are also his friends. We pay attention, and because we do that we need an alternative way to keep our businesses viable. We already have control over the age group — we know them all — and we do know what we're doing.

As for the group that charges that these machines will cause problems, definitely, but those problems are already out there. They're just going to be different problems, and we're just going to have to learn to deal with them. Thank you. That's all I really have to say.

**The Chair:** Thank you very much. It's traditional that we ask questions. You have no objection to answering some questions here today?

**Mrs Kuiken:** No, if I can answer them.

**The Chair:** Excellent. Mr Kormos is first.

**Mr Kormos:** No, thank you, Chair.

**The Chair:** Thank you. Mr Guzzo.

**Mr Guzzo:** Mrs Kuiken, welcome, and thank you very much for coming in. I think it would be helpful if you just explained something about the area in which your establishment is located and the neighbourhood around it.

**Mrs Kuiken:** We're in a very rural area. The little village I live in has a population of about 300 people of



whom about 75% are retired senior citizens. In the summertime we have a big area of cottages around Golden Lake, Round Lake, Lake Doré. We're all surrounded by lakes. The closest town to us is Eganville, which is 11 miles, or Killaloe, which is another 13 miles either way. Pembroke is the big city where everybody goes shopping, which is about 30 miles.

There's very little to do except enjoy the cottages, go fishing, camping. We do well in snowmobile season because we're right on the snowmobile trail. That's what I'm referring to about rural areas. There are a lot of us out there. The big businesses can talk about the employees they employ. I think we employ more people than the big businesses, because we keep ourselves employed, plus the part-time staff and our families.

1030

**Mr Guzzo:** Are there other questions? Just for the record, on a Sunday afternoon in winter in the snowmobile season, 50% or 75% of your customers would be tourists, people from outside the province even?

**Mrs Kuiken:** Yes.

**Mr Guzzo:** Similarly, this Sunday, in cottage season, the same story.

**Mrs Kuiken:** That's right.

**Mr Guzzo:** You're a tourist attraction.

**Mrs Kuiken:** Yes, we are.

**Mr Douglas B. Ford (Etobicoke-Humber):** Mrs Kuiken, you don't have to take a back seat to anybody with your presentation, I might as well tell you that now. You present yourself very well. Do you think the availability of VLs would contribute to the attractiveness of premises such as yours as a destination for travellers, to increase spending by tourists?

**Mrs Kuiken:** I think it would be if they've used them before. If they've been somewhere where they are, yes, I think they would spend half an hour or an hour longer. I don't think the people who are our local people — I shouldn't say, "I don't think"; I don't know — but, yes, some will create problems, and they will spend some. I do think that the people who use our cottages, who come in the surrounding area, the snowmobilers, may spend some money. But they all go with a certain amount of cash. We have no more to give them once they've spent whatever they want to spend.

**Mr Ford:** So they would contribute, other than your establishment, around the community also.

**Mrs Kuiken:** Yes, they probably would. They would stay longer maybe or make a point of stopping. They would need gas or they would need cigarettes or they would need something — they would need accommodations for overnight. It would help our whole community. We're not talking about 15 or 20 machines; we're talking about one or two in a little corner.

**Mr Doug Galt (Northumberland):** Thank you, Mrs Kuiken, for an excellent presentation. Coming from an individual, it means a lot more to me than coming from a big provincial organization that has a position and they just trot it out for us.

Ontario decided back in the early 1970s to get into gambling and make it legal. This is just a fine-tuning, a minor change in it. Certainly with our youth, addiction occurs more easily than with people that are older. It

depends on what addiction you're looking at. You made reference to your youth and knowing them. Do you see any problem down the road with controlling youth involved with these machines?

**Mrs Kuiken:** You mean keeping them away from there?

**Mr Galt:** Yes, controlling them.

**Mrs Kuiken:** We already control our under-aged. We know all our young people, that we can't serve them. If the rules and regulations stipulate that they have to be in a separate room, as I said earlier, most of the small licensees stay within their guidelines and their rules because that is their livelihood. They know what they're doing. They make it available according to what they are told they have to do. If it says they have to be in a separate room, a separate room is made and they don't go in there. That's all there is to it. Those are the rules of the house.

**Mr Galt:** You don't see a particular, special problem with having teenagers.

**Mrs Kuiken:** Well, considering if you've paid attention to what young people look like, a 22-year-old looks like a 16-year-old and a 16-year-old looks like a 25-year-old, so we have our jobs cut out for us. But, yes, we do manage to get along.

**Mr David Ramsay (Timiskaming):** Thank you, Mrs Kuiken, for making a presentation today. I just wanted to ask you, I would take it you've probably thought about how you would enter into the VLT business. Do you have a sense of how many machines a business your size could entertain and what that would do to your business?

**Mrs Kuiken:** No, I don't think — the subject of the VLTs has been around, like you said, for a long time. How many we would be allowed to have? No, we haven't thought about it. Would they be helping us? Yes, they would. There are lots of evenings that there are no vehicles in our yard. If somebody came and played one machine for half an hour, it would mean there's a car in the yard. I'm sure if you're a businessman and there are no vehicles in your yard, what does the car do that comes through the yard? He drives through. I don't want to go there. The only people there I've talked to a million times. I don't want to spend time with them.

For us it would be to fill up a seat, as I said, because when you put one person in your establishment, it creates the enticement for one more person to come. Whether they play the machine or not, they will have a conversation. Yes, I do think they will help us stay in business and eventually hire some staff back again.

**The Chair:** Mrs Kuiken, I really appreciate your attending this morning. Your eloquence on behalf of small enterprises and small business in Ontario is well taken by this committee.

#### ASSOCIATION OF CANADIAN DISTILLERS

**The Chair:** Our next presentation is by the Association of Canadian Distillers. There is a written brief from the association. Please proceed, Mr Veileux.

**Mr Ron Veileux:** Good morning. My name is Ron Veileux. I am the president and chief executive officer of the association. It's a pleasure to be here today to discuss

the association's and the distilled spirits industry's views on Bill 75, the Alcohol and Gaming Regulation and Public Protection Act, 1996.

A few words about our association in Ontario: We have an economic activity of about \$900 million in this province and we employ about 5,000 people. This study was performed by the Conference Board of Canada six months ago, giving these numbers.

Let me begin by saying that our association believes that the amalgamation of the LLBO with the Ontario Gaming Control Commission into the new Alcohol and Gaming Commission of Ontario is a very positive step towards streamlining regulations and licensing in Ontario.

We expect that this move will realize cost saving for Ontario taxpayers and we further expect that the new commission's ability to enforce the regulations controlling gaming and beverage alcohol will become more efficient.

We also applaud the elimination of the conflict-of-interest element of the retailing and regulatory roles of the Liquor Control Board of Ontario.

Our association, however, does have a few concerns regarding Bill 75. For members of the distilled spirits industry the reference to alcohol in the new act is troublesome. It is a sad fact today that the great majority of Ontarians and Canadians consider alcohol to be synonymous with spirits but not beer and wine. You've probably come across that yourselves. I come across it at every party I go to.

The following comment from John Bates, the director of policy and founder of Mothers Against Drunk Driving, regarding the 1995 Federal Court decision on advertising, illustrates this point:

"We are very happy about the recent (Federal) Court decision allowing distilled spirits to advertise on TV. This is largely because the present situation gives the impression to the public that somehow wine and beer are 'nice little drinks' and friendly and that spirits are evil stuff, and this is absolutely not true. We have too many people coming into courts saying, 'We didn't drink, we just had beer,' and what this (decision) does is level the playing field and let people know once and for all that a drink is a drink is a drink. We have been pushing for this for many years and now we have been vindicated."

1040

Members of the committee, I want to remind you that the Addiction Research Foundation of Ontario, Health Canada and many other public health organizations are on record stating the relative benefits and costs of consuming alcohol products. These public health groups recognize that ethyl alcohol is the key ingredient in all beverage alcohol products, whether in the form of spirits, beer or wine, and that standard servings of each contain identical amounts. To a breathalyser, they're all the same.

Our association and each of its member companies continue to actively promote a more positive public perception of distilled spirits. However, this is an enormous battle which must be waged for the long term. You have an opportunity here to accept a change which will assist in promoting a responsible attitude towards the consumption of all beverage alcohol products. May we recommend that the title accommodate the following slight change: from "Alcohol and Gaming Commission of

Ontario" to "Beverage Alcohol and Gaming Commission of Ontario."

Another of our concerns regards the elimination of the conflict-of-interest element of the retailing and regulatory roles of the LCBO. After a careful reading of Bill 75, it is not entirely clear what regulatory roles of the LCBO will be transferred to the alcohol and gaming regulation commission. It is our reading of the bill that regulation of off-sale retail operations like Brewers Retail, winery retail stores, agency stores, duty-free stores and the two distillery retail stores will no longer be regulated by the LCBO. But how will pricing be affected? Will the LCBO continue in its role as price setter for all beverage alcohol products? Will there be separate pricing for the LCBO and the alcohol and gaming regulatory commission? Will the single province-wide price system be eliminated? How will prices be set? I am sure you appreciate our concern regarding this very important issue.

How will distilled spirits be treated under the new structure, given the current imbalance in consumer accessibility? There are today 1,141 retail outlets for beer in Ontario. There are 998 retail outlets for wine. There are only 674 retail outlets for spirits. Will there be an opportunity to address this imbalance and bring about a more equitable solution?

We also have a considerable concern regarding product listings under the new system. How will this operate? Which organization will have control? Will it be fragmented? Today, requests are made to the LCBO for product listings. Many producers, suppliers and agents maintain a diverse product portfolio consisting of spirits, wine and beer. We anticipate that the new structure will not add additional red tape to this already complex task. To do so would add considerable cost to managing our business.

We also have a keen interest to know how advertising, promotion and sponsorship will be treated. With the transfer of responsibilities from the LLBO, how will these very important issues be dealt with? This becomes especially important given the recent regulatory changes by the CRTC. We trust there will be a process allowing approval at manufacturers', retailers' and licensees' option. It is also imperative that there be the opportunity to seek counsel on the advisability of launching an initiative prior to its execution.

My last point is the delegation of powers of the commission. It is not clear to us the degree of latitude the commission will have in the event that illegal activities are taking place in a licensed establishment. Will the commission be responsible for enforcement? If so, how will it differ from current LLBO practices? As an example, what powers will be exercised when illegal alcohol is being dispensed or when illegal video lottery terminals are discovered? When caught, what will be the penalties?

For infractions of this nature we suggest that there be zero tolerance. Furthermore, if convicted, the guilty parties, smugglers in particular, should have goods seized: cars, boats, homes etc.

We did not see a reference to how the new commission will deal with regulatory review, and this is very important to us. As we are doing today, it is imperative that the process be instituted whereby stakeholders have the



ability to comment on regulatory changes prior to implementation.

Thank you for the opportunity to present the Association of Canadian Distillers' views on Bill 75. I will be happy to answer questions, Mr Chairman.

**The Chair:** Thank you, sir. We have four minutes per caucus.

**Mr Flaherty:** Good morning. Nice to see you this morning.

Perhaps I can address a couple of the points you raised at least, sir, with respect to the transfer of powers. As you know but everyone here may not know, we have a Liquor Licence Board of Ontario and we have a Liquor Control Board of Ontario. One of the repeated concerns about the Liquor Control Board of Ontario, the LCBO, over the years has been that they are both a retailer and a regulator of the product they sell, which is inherently a position of conflict according to many, including, I'm sure, many here. So one of the purposes of Bill 75 — and it's nice to get away from video lotteries for a brief moment — is to create the Alcohol and Gaming Commission, which will have the current Gaming Commission of Ontario and will also have the LLBO and the regulatory functions of the LCBO. So that conflict situation hopefully will be resolved.

I agree, of course, with your comments that a drink is a drink is a drink, whether we're talking about beer or wine or distilled spirits. Certainly I think that's been driven home with people in terms of drinking and driving and with young people, that they realize distilled spirits are distilled spirits no matter how they're consumed.

You made a very important point with respect to the transfer of powers and how the stakeholders would have input concerning distilled spirits and so on. You can be assured, on behalf of the government, that we are happy to have your comments concerning the transfer and that if you send them to me at the ministry or to the minister we'd be happy to have them. As you know, the statute provides that those powers will be set out in the regulations. So we look forward to hearing from you about that.

With respect to your concerns about zero tolerance and so on, with which I agree, one of the advantages of the new Alcohol and Gaming Commission will be with respect to enforcement. Currently, the Liquor Licence Board of Ontario has about 33 inspectors who work very hard and who conduct about 7,000 spot checks a year of licensed premises in the province of Ontario, of which there are something in excess of 15,000. So almost half of the licensed premises in Ontario are being spot-checked now. With the amalgamation of the inspectors from the LLBO and the gaming commission by the end of the month there will be more than 100 inspectors available. Of course, their duties will relate not only to alcohol inspections, but to the inspection of video lotteries at licensed premises when that happens.

I thank you for your comments, sir, and I look forward to hearing more from your organization.

**Mr Crozier:** Good morning, Mr Veileux. It's good to see you again. It's nice to see you in your territory rather than down in my territory.

As part of the overall discussion about some of the issues facing your industry in particular, I'd like you,

while you have the opportunity to have some of us around the table, to comment on the issue of taxation, although we did meet with the finance people last fall, if you will recall, and to some extent consumer and commercial relations deferred to the finance department. But it's an opportunity to raise the issue about taxation and its effect on smuggling illegal spirits in bars and so forth, if you would.

1050

**Mr Veileux:** Thank you, Mr Crozier and Mr Chairman. I would like to make some comments on taxation. This is why in my presentation there is a sentence there which states that we hope the new system will streamline the organization so that additional costs are not imposed on the industry. Hopefully there will be less cost.

The taxation of our products is as follows: If we combine federal and provincial taxation, a bottle of spirits that you purchase at the LCBO today has 83% tax on that. So if you pay \$20 for your favourite drink, \$17 is tax. For wine, the average tax is about 65%. So if you pay \$10 for your favourite bottle of wine, \$6.50 is tax, federal and provincial. If you buy your favourite case of beer at the LCBO or the BRI and you pay \$20 or \$30, 50% is tax.

There might not be anything wrong with that tax, but due to the fact that the tax is 83% on our products and it is only at 43% south of the border, it creates a significant opportunity for smugglers, for entrepreneurs, to make millions of dollars. This is what has been occurring in Ontario in particular, in Quebec and in British Columbia to a greater extent in the last four or five years. It is a tax revolt. The taxpayers are refusing to pay \$20 today for a product they can purchase illegally on the street in this city here in Ottawa, in Toronto, on many streets, for about half the price. Because of this, the Ontario taxpayers, according to the LCBO, are losing on a yearly basis about \$600 million in tax revenue to the underground economy.

Our industry, because of that, obviously is losing thousands of jobs and is closing down plants. We have closed 10 plants in this province in the last decade. It's not totally due to the underground economy. Lifestyles have changed, and this is good and we applaud that. But lifestyle only accounts for the closure of two or three plants, not 10.

**Mr Crozier:** The reason I wanted that pointed out is because much has been said in the lead-up to these hearings and in the budget this spring that the government would receive about \$180 million, I believe it is, in net revenue on VLTs. We happen to think that's just a drop in the bucket as to what the eventual income will be. But for you to bring out the fact that \$600 million is being lost just because of our unfair taxation I think is something that we all should be aware of. With a change there, both the government, the industry and all of us can benefit, because we know we're going to lose jobs in the distilled spirits industry if we carry on much longer. I appreciate the fact that you've been able to bring that to our attention.

I just want to say too that I take your last point, you wanting to be included in the regulatory process, as one that we should pay particular attention to, because as we

know, this is barebones enabling legislation. It really doesn't say much. The real nuts and bolts of what's going to happen in your industry and the hospitality industry and the racetrack industry is in what regulations follow.

**Mr Veileux:** That's right.

**Mr Crozier:** I appreciate your comments this morning. You're always a great spokesman for your industry. It's good to see you.

**The Chair:** Thank you very much for your presentation here today.

#### REED LAWSON

**The Chair:** Our next presentation is the Ottawa Valley harness horsemen, Mr Reed Lawson. Welcome, sir. Please be seated and proceed when you're comfortable.

**Mr Reed Lawson:** Good morning. Mr Chairman, ladies and gentlemen, thank you very much for allowing me the opportunity to appear before the standing committee on Bill 75. As horsemen, we recognize the importance of the public consultation process and we certainly appreciate having an opportunity to be here this morning.

My name is Reed Lawson and I'm here this morning representing the Ottawa Valley horsemen and horsewomen. I also have the support of the horsemen from Peterborough, Belleville and Kingston, who also on occasion race here in Ottawa. With your approval, my remarks and comments could be on behalf of the 1,500 to 1,800 active horse people east of Durham county.

The horsemen and horsewomen of Ottawa and eastern Ontario are supportive of VLs being introduced on our raceway properties. In fact, if they are implemented with a sound and good provincial strategy, we are confident they will complement live racing. Live racing is our lifeblood and is the engine that drives the industry. Live racing creates employment, it promotes our world-renowned breeding industry and it generates hundreds of millions of dollars in spinoff benefits. These spinoff benefits are felt from the local grain grower in Arnprior to the Big Three auto makers in this province. So we do contribute significantly.

If any of you have ever had an opportunity to see the backstretch parking lot on a race night, as I know most of you have, you'll know what I'm saying is true. The backstretch is a world of its own, and it provides a comfortable and healthy place of employment for thousands of hardworking, hands-on individuals. Most of these jobs are low-profile, low-paying positions, and the majority of these people, I can assure you, are proud. They would have great difficulties retraining or learning new job skills outside of racing. I feel the industry has an obligation to protect these people and that is why it is imperative VLs are introduced in a manner or fashion that will promote and enhance live racing.

In Ottawa specifically, the horsemen believe that VLs will allow us to better compete with other gaming options. These include the Hull casino, which is only 20 minutes away, Loto-Québec slots and video poker — they're just across the river, also the Montreal casino — it's an hour and a half away — and Indian gaming in upper New York state is just hours away.

We envision Rideau Carleton Raceway and other Ontario tracks as entertainment destinations for sports,

gaming and other charitable activities. We need the raceways to become more diverse because their success or failure is directly connected to the horsemen's future. The horsemen are confident VLs will be introduced to raceways in Ontario to ensure the long-term viability of our agricultural roots.

In closing, although the horsemen and raceways have had a history of differences in the past, we seem to be in agreement on the introduction of VLs on raceway properties. Raceways have the gaming experience, the integrity, the security, the parking and customer amenities. The horsemen of eastern Ontario have the skill, the desire and the racing stock, and we look forward to demonstrating and introducing our exciting sport to a new audience of men and women.

Those are my comments. I appreciate the opportunity to be here today. I'd be pleased to answer any questions you might have of my remarks.

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**Mr Crozier:** Good morning, Mr Lawson. From our hearings over the last couple of weeks, I not only think you speak on behalf of horsemen and horsewomen in eastern Ontario, but we've heard this message from southwestern Ontario through central Ontario and the northwest and here as well.

We too support the horsemen and horsewomen, the racetracks and appreciate what they have contributed to the agricultural industry and to the economy in general over the years. As a matter of fact, I often raise in some of the presentations that they say these VLTs are recreational and that people don't play them because they can win money from them, which I think is a load of hay, frankly.

But harness racing or racing in general, both harness and thoroughbred, to me is the one recreational form of gaming. There are generally eight or 10 races. I can go to those races. I'm not much of a gambler, but I can choose whether I gamble or not. I can at least sit there and pick the winners and the losers, have dinner and have some fun, and I don't even have to put any money in to have that kind of fun other than perhaps my admission and price of dinner. So I see racing as both recreational and gaming, unlike VLTs.

We had a presentation this morning where one of the comments made was that these VLTs should be put in controlled and not saturated markets. I assume you support them of course in raceways. Are there any other venues in which you support VLTs being put in, do you have some concern about them being put in other venues?

**Mr Lawson:** Thank you for the question. I don't know if I would be able to say if I'd support any other venue than raceways. I think with the province having 15 standardbred racetracks, that's ample opportunity for most communities to get on a trial period at least to the raceways. I'm fully supportive of them being in the raceways. I haven't given it a whole lot of thought in all honesty whether they should be anywhere else.

**Mr Crozier:** That's a fair answer. I appreciate your bringing your thoughts to us. I haven't had the opportunity throughout these hearings to say one thing about harness racing: I've run four heats myself in charitable



events and I have yet, I think, to find anything so exciting as to — there were only four horses in each heat — be behind that horse when it starts to push on a starting gate and the pace starts to pick up. You've got an exciting industry. I don't think I'll ever find a second career in driving, but you never know.

**Mr Lawson:** I appreciate those kind words because it is an exciting industry for sure.

**Mr Kormos:** Thank you, Mr Lawson. Your views have echoed the views of horse race and breeder and industry people across the province, no two ways about it. I suppose you and your industry have an argument to be made — you know my position on slots. I'm not a slots supporter, so be it, but you have an argument to be made that yours already is a highly regulated gambling venue, hence the logic of putting slots in that milieu as compared to, let's say, restaurants, taverns, what have you, because there have been a couple of arguments — and again I appreciate you spoke very articulately on behalf of your industry, its needs and the complementary nature of parimutuel betting with slot betting. Of course, much has been made of the 15,000, 25,000 so-called grey machines, the bartop poker machines and so on, which in themselves are not illegal. They only become illegal when the tavern owner pays off for the accumulated points.

An interesting observation was made by a submitter in Sarnia, by the president of Gaming Services and Support Corp, pointing out that most of those 20,000 illegal VLTs are currently in hotels, motels and taverns. He pointed out these are the people who are running illegal machines and now they come to the government saying, "Let us have slots; trust us now," when they've been the ones with the grey slots. It was just an observation by Mr Hurst which I found extremely interesting.

The other issue is about jobs. We learned from the Quebec supervision of some 14,500 slot machines that they could identify 300 jobs that were created as a result of that. Those are the technicians, the service people roaming who are on call and presumably on contract. One of the attractivenesses about the slots is that it's low labour. It's not like personing a gaming table. It's not like running a crap table, even though the federal government hasn't permitted those in Canada. It's not like running a blackjack table. These machines are beautiful. They stand alone. They're impervious to attack for all intents and purposes, and they're self-service.

Ivan Sack, the editor of Canadian Casino News, was critical of these numbers that are being tossed around, how many jobs they're going to be create, because he points out that most places, including the racetrack, that are going to seek to have them already have cashiers, already have the infrastructure, if you will, to take care of the machines to accommodate the players on those machines. The argument from the track isn't that it's going to create new jobs; it's that at the track by and large you need the extra revenue to sustain what you've got now. I don't quarrel with that, but the track has been cannibalized by casinos. I've read several comments about how it's lost some of its appeal intergenerationally for whatever reason, and I know the track does a whole lot of promotion to try to restore that.

You've been very candid, but the arguments of illegal slots and how they're going to be overwhelmed by legalizing slots is frivolous to me because, as I say, the same people from the hotel-restaurant industry who want slots now are the people who've been host to the illegal slots, and if they haven't been able to be a boon to their industry, how would legal slots where they'd get an even smaller piece of the action to help them out? I know there isn't a racetrack in this province that has illegal slots. You guys are far smarter than that.

Similarly in terms of the jobs, in the Quebec experience it's 14,500 slots, 300 jobs servicing them. We asked if there was any data on new employment in the bar-tavern industry — I appreciate casinos provide employment — new jobs in the bar-tavern industry, and the people from the Quebec slot supervision regime wouldn't speculate.

You're going to get them, though. The commitment has been made. The slots will be in the racetracks. But you notice everybody wants a piece of the action. The racetrack wants their share, the hotel-motel association wants theirs, the Ontario Restaurant Association wants theirs, the people who run the bingo parlours want theirs. The people who run the Nevada tickets, the break-open tickets, are saying: "No, you're killing our industry. We want ours." Instead of a chicken in every pot, we've got a slot on every corner. By God, we were promised 725,000 jobs and what does Mike Harris give us? Twenty thousand slots. Down where I come from it doesn't add up, but good luck to you and your industry.

**Mr Lawson:** Thank you, Mr Kormos.

**Mr Guzzo:** Mr Lawson, thank you for coming and good to see you here. It's good to see you anywhere but on a golf course. I can't help but comment that Ontario has been very kind to former golf professionals in recent months. I'd just like for the benefit of Mr Kormos, because we're on an educational process with this man and we're trying to help him along here —

**Mr Kormos:** And I'm so indebted to you, Mr Guzzo.

**Mr Guzzo:** Well, you will be when this is finished, Peter.

**Mr Kormos:** Oh, I've got a feeling, Mr Guzzo, I'm not going to enjoy this experience. As long as it's you and not the Speaker, I'm well comfortable.

**Mr Guzzo:** I think it's important to put into perspective the role you play here with regard to the horsemen of eastern Ontario. I don't think it would be unfair, first of all, to say that everybody who races in Ontario in the harness industry and in the thoroughbred industry and puts on the show, be they a blacksmith, a caretaker, an owner, a trainer, a driver, a jockey in the thoroughbreds, has some form of what we would call in industry a collective agreement with the management of the tracks that host the show. Is that fair?

**Mr Lawson:** That's fair to say.

**Mr Guzzo:** In your role you negotiate on behalf of those horsemen?

**Mr Lawson:** Yes, I do.

**Mr Guzzo:** To put it in Mr Kormos's language, you're really a shop steward. If the United Auto Workers or the Steelworkers of Canada had organized the horsemen

instead of the horsemen organizing themselves, organized labour, we might have a convert here. Once he understands you're representing people in low-paying jobs in small-town Ontario —

**Mr Kormos:** Garry, I didn't see you on the picket line with the jockey club workers who were locked out.

**Mr Guzzo:** No, but I'll tell you what, you'd be there with these people if you understood just the type of —

**Mr Kormos:** Did you cross that line?

**Mr Guzzo:** I know where your heart is. This man voted against casinos when his own party brought them in. He voted against the casinos. When Bob Rae was taking those 700,000 jobs and moving them from Ontario to Buffalo, he didn't always vote against those, but some of them he did.

In any event, these people you represent live in small-town Ontario. They live on the farms surrounding Smiths Falls, Cornwall, Ingleside and up through the Belleville area, correct?

**Mr Lawson:** Absolutely. This area especially has produced a number of great horsemen in the industry worldwide, not just in Ontario.

1110

**Mr Guzzo:** That's true. The people who are doing these jobs, whether they're rubbing the horses, cleaning the stalls, working on the books for the small training centres, doing that type of thing, their ability to get other types of employment in their own area is very limited.

**Mr Lawson:** It's totally limited because the majority of these people are hands-on type of people. They choose to do what they do for a living. I mentioned briefly that it's imperative that we bring in these things in a careful manner to protect these people, because I don't know if a number of them would be eligible for retraining or be able to be retrained.

**Mr Ford:** Mr Lawson, I believe that you should have a level playing field with the competition we face from Stateside and Quebec. Also, do you think availability of VLTs would contribute to the attractiveness of premises such as yours as destinations for travellers and increased spending by tourists in the surrounding area?

*Interjections.*

**Mr Lawson:** I'm sorry; I heard the first part of the question but —

**Mr Ford:** We have a problem here of conflict.

*Interjections.*

**The Chair:** Could we listen to our guest? We have a guest who is trying to make a point.

**Mr Ford:** I'll repeat it. Do you think the availability of VLTs would contribute to the attractiveness of premises such as yours as a destination for travellers and increased spending by tourists in the surrounding area of your premises?

**Mr Lawson:** Yes.

**Mr Ford:** Also, the level playing field I mentioned Stateside and Quebec.

**Mr Lawson:** Yes.

**Mr Ford:** This will give you a better competitive stance in your particular business?

**Mr Lawson:** I believe it will, absolutely.

**The Chair:** Thank you, Mr Lawson, for your presentation here this morning.

## UNITED WAY OF OSHAWA/WHITBY/CLARINGTON

**The Chair:** Our next presentation, Mr Bob Howard, campaign director of the United Way of Oshawa/Whitby/Clarington. Welcome, Mr Howard.

**Mr Bob Howard:** I would like to thank Donna Bryce, who I'm told is not here; she's had the bad taste to miss my thanking her. She did a wonderful job and I'm sure you people are appreciative of her efforts. I called her very late in the week and said that I had an issue and I had spoken to our local MPP, Mr Flaherty. They said, "Why don't you try and come to the committee?" Donna was able to put that together and I'm very grateful for that and I'm very grateful for you gentlemen taking the opportunity to hear what I have to say.

Because you people are probably inundated with paper and are sick of it, what I would do is suggest that on the first page of this brief basically it's the middle paragraph and the last sentence of the second paragraph and underlining the word "now" in the fourth paragraph.

I'm speaking on behalf of our United Way, which operates in Oshawa, Whitby and Clarington, but I can assure you that I've had conversations with other members of the United Way movement across Ontario. I can't speak for all the United Ways, but I can assure you that what I'm saying here has a great deal of support from my colleagues in the United Way movement across Ontario.

Essentially, the United Way is about helping people at the community level help each other. It occurred to me, when I heard that the VLT issue was on the table and was coming to the fore and that eventually, give or take whether the legislation passes or not, there would be the notion of charitable support in the community, revenues for charitable support in the community, I thought it would be an appropriate time to put on the table the idea that there is an organization in existence already which does a great deal of the things many levels of government have said they're interested in doing, which is solving problems at the local community level with volunteer input, with peer review, and that it's not necessary to create any additional, secondary or parallel structures, and that indeed supporting the United Way at this time would, in my opinion, lend a great deal of momentum to the cause because there are some pressures elsewhere.

Is that Donna? Hi, Donna. I thanked you profusely before I started. I told them what a marvellous job you did of helping me get here. I'm grateful for that.

**Mr Ramsay:** She's one of our favourites too.

**Mr Howard:** The United Way was already there. It is a way in which entrepreneurs and big business — in our community, it's from General Motors to the person who runs Tailgate Charlie's. It's organized labour and it's senior citizens and it's school teachers and it's administrators and middle managers in corporations. It's a great partnership. Anything that the government could do to reinforce and lend momentum to that partnership would, in my opinion, be a very productive endeavour.

I know that there's an issue vis-à-vis the availability of funds in terms of the social costs and the issues of gambling. One of the advantages the United Way would bring to the table is that we work with all of those



agencies that would be eventually delivering those services. It would not be a question where a decision had to be made in isolation in Toronto; it could be made in local communities all across the province. In our community, for example, we know that alcoholism and substance abuse are an issue where that may not be as significant an issue in Thunder Bay or London or Hamilton. Therefore, our agency operation review directs funds in that direction.

Our suggestion is that if Bill 75 were to become law and if there's a revenue stream that's available for charitable good works, I would like to put on the table the idea that one institution is already in place and willing to help the government immediately. That's why I underlined the word "now" in the fourth paragraph on the front page. Given our current structure and operations, the United Way is ideally suited to provide such a contribution in this service area now.

We have in our community about \$700,000 worth of requests that our allocations review process identified as priorities. We cannot fund them. It ranges all the way from a program which last year provided 292 youngsters with the opportunity either to go back to school or to find employment training or locations in Oshawa, Whitby and Clarington. Of the 292 kids in that program, 280 of them had success, success being defined as going back to school or getting into an employment training program. The funding for that program has been cut. We would like to put that back on our agenda.

That's why I say that if there's an availability of revenue source, we can put those funds to use immediately. We don't have to invent things, we don't have to create new programs, we don't have to study things or do all kinds of — I don't want to get into it. The programs are there. We had a \$40,000 pressure from a women's wellness program which we would like to have been able to fund this year; we're not able to do that. That's why the operative word there on the front page is the word "now."

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If there are any questions or if I'm taking you somewhere you don't want to go, please interrupt me, or if I say something and somebody has a thought, I don't mind that at all. Please just interrupt me.

The proposal on the top of the second page is that the ministry consider using the United Way as a resource in the distribution of funds designated for charitable distribution from the proceeds. That's the proposal that I would make.

The advantages of that are direct and local involvement, coupled with local review of needs and agency operations. I think those two things are often overlooked as issues the United Way gets involved with. Not only do we review the operations of the agencies; our covenant with the funders is that those agencies operate as efficiently as they possibly can. I can assure you that in our community we have 30 people with a background in the financial services sector and the banking community who go and visit our agencies, who look at our agencies, and I can say with a straight face to any donor of \$25 or \$5,000 in our community that I think their funds are being well spent. They do a wonderful job in terms of agency review.

In terms of needs assessment, we have a very broad reach into all areas of the community. Talking about care for seniors or talking about Headstart programs for kids, talking about whether or not it's more important to fund a Meals on Wheels program because a senior can't get out, or whether or not it's important to give a kid a breakfast before school — I don't think that decision has to be made in Toronto or has to be made somewhere remotely; I think those decision can be made at the community level. That's one of the things the partnership would bring to the table: We can make those decisions at the community level. The vast majority of them have tremendous volunteer input, which I think is an important part of the legacy of voluntarism in Canada, which has made this country a very wealthy country.

On to advantages: I give what I think are the five great advantages.

We have an established review process.

The United Way has a process in place to review agency operation as well as community needs.

Utilizing the United Way as a partner in distribution would be an opportunity to closely match the relationship between funds generated and expended in a community. I think that's an important consideration. What that would enable you to do is that somewhere there would be a linkage between the generation of funds in the community and the expenditure of funds in the community. For example, if there were a tremendous amount of lottery revenue generated in a community, somewhere along the line you could probably make the case with some degree of rational thought that there should be a correlation to the expenditure of those funds in that community as opposed to any other community. I think there are some advantages to that, socially and politically.

The United Way would effectively be able to address those gambling-related issues which may occur and do so in a fashion which takes into account the broad issues affecting more than a single agency or group. We deal with John Howard, with the YWCA, with the ACL, with two women's shelters in our community. It's not a question of somebody in the government having to choose one over the other; it's a question of the government saying, "We help to empower and support an organization which is already in existence."

Support of the United Way is an investment in human capital and communities. Helping people become more self-reliant is by any rational standard an investment we can all be proud of. Giving a hand to those who require it is an important component of what has defined us as a nation since Confederation. Bricks and mortar, cultural and athletic pursuits are certainly strong parts of what makes Ontario and Canada a wonderful and proud place to live, but people are what this country is all about and helping them is what we're all about.

The reason I wrote that is because I speak it a great deal when I go out and speak about the United Way, and I believe it. I've worked for the University of Toronto, I've worked for the Royal Ontario Museum, I've worked for Special Olympics, and one of the reasons I enjoy immensely doing what I do with the United Way is that we're helping people. It's an investment in the human capital, and frequently that's taken for granted and not understood.

If there's anything that comes out of my presence and the opportunity to present to this committee, it is, I hope, that there will be an opportunity for revenue if this bill becomes legislation, and if there is revenue, I hope that revenue will somehow be expended in a fashion in terms of the human experiences in our province. I think it's crucial. As I say, I've raised money; I've sent expeditions to Egypt; I've sent kids to Special Olympics in Washington for Mrs Kennedy. I can honestly say that I have had no more meaningful and satisfactory experience as raising the dough that we raise to help people and invest in human capital in our community, and that's one thing I hope I would be able to put on the table here.

I summarize it in five points. Some of them are redundant, but I like to put them in a five-point summary so that people have an opportunity to say, "What is this guy talking about?" That's what I'm talking about.

I think it would be a tremendous boost and a reinforcement to a movement which has been productive and successful for 55 years in our community. I think there is one time in our community when I can be most proud, when I sit down and I see John Kovacs, who was formerly the head of CAW 222 in our community, and I see Maureen Kempston Darkes. They can fight with each other, but about the United Way there is no fight. They're talking about investing in people in their community.

When I see lawyers and I see professionals, and I see a guy who works in a shop who is making minimum wage and he gives me a \$50 pledge on payroll deduction, he can sit at the same table as the other people involved in that campaign. I really think it's a wonderful thing that brings communities together. The opportunity to have a boost from the revenue that would be available in an already existing program with no duplicity is why I'm here today and why I decided I would phone Donna. She said, "Come and speak to the committee," and I'm grateful for that opportunity. Thank you. I would be happy to answer any questions.

**Mr Kormos:** This has been brought to the committee primarily by charitable organizations that want to know how they're going to access this pot that the government is creating for them. United Way has been referred to only briefly by way of illustrating one model, so your comments today are particularly interesting.

United Way now is totally community-based in that what the United Way of Oshawa/Whitby/Clarington raises within Ottawa-Whitby-Clarington is what it has to distribute to its member agencies.

**Mr Howard:** Correct.

**Mr Kormos:** What's happening here with the prospect of 50 charity casinos in various locations throughout the province is that there are going to be concentrations of generation of revenues regionally more so than municipally because there are simply far more municipalities than there are going to be charity casinos, especially in the north, where you're going to have geographically far bigger chunks because you have smaller communities.

In terms of the traditional United Way model of distributing locally raised funds, and in view of the fact of, "Here I am with the Welland United Way drive and there's Fort Erie with its slot machines and its enhanced revenue from the slots," how does a neighbouring

jurisdiction share the proceeds from its neighbour that may have a higher concentration of gaming activity and greater revenues?

**Mr Howard:** I would think there'd be some opportunity. I haven't seen what the projection is in terms of the regionalization of the thing.

**Mr Kormos:** Nobody knows.

**Mr Howard:** Okay, the concept would be that if that's deemed to be an important concept — and I think there's a great deal of validity to this, that there's a correlation between generated funds and expended funds — it would be a reasonably simple matter, for example, in our community for Oshawa, Whitby, Ajax, Pickering, Lindsay, Cobourg, Peterborough, if they were a region and there was an availability of funds, that those United Ways could talk about the distribution of those funds maybe by size of campaign — if you had a \$3-million campaign and a \$1-million and a \$2-million campaign and you've decided three, two, one and you said, "Okay, there's a rational region."

**Mr Kormos:** Based on a historical experience.

**Mr Howard:** Yes, in theory. That's one off the top of my head that I could suggest.

**Mr Kormos:** Then you have non-United Way types of participants. I realize you're not imposing the United Way membership in this model. What does one say to the Hungarian cultural society? What does one say to the Knez Branimir folk group, to the Rose City Snow Seekers, which are not charitable organizations for the purpose of income tax but none the less use Nevada tickets and bingos as primary fund-raising? How do we bring those people into the fold? They're going to be impacted, cannibalized by this as well. That has been acknowledged.

**Mr Howard:** I think one of the problems we face in Canada is 79,000 registered charities. I know those numbers are handed out by Mr Martin's office, not necessarily within the province of Ontario. It's a problem. One thing the United Way has done to help deal with that problem and not diffuse the value that the organization contributes in the community was, when it was created: "Let's create one campaign. There are a lot of efficiencies. We can bring all kinds of resources to bear."

We had a letter from 1941 or so from Mr McLaughlin, who was one of the founders of General Motors. Mr McLaughlin wrote this letter; we could almost have taken the letter and used it as a campaign piece today. The reality is that through donor choice we let organizations that are not necessarily United Way agencies receive United Way funds; 30% of some funds from United Way campaigns go to non-United Way organizations. So there's a mechanism in place for that, but essentially it would be the government saying, "This is a structure that we believe in, it's a force that we believe in and we have to ride with it."

1130

**Mr Flaherty:** Thanks, Bob Howard. The dedication that you show to the United Way of Oshawa/Whitby/Clarington is evident from the fact that you've travelled all the way to eastern Ontario today to make the presentation on behalf of that United Way, and I appreciate it. A lot of people aren't quite sure where Whitby is, but we



know that it is in the centre of Ontario. The proof of it is that if you travel Highway 401 from the Ontario-Quebec border to the Michigan-Ontario border, when you get to the midpoint of Highway 401 you're at exit 410, which is Highway 12 in Whitby, the centre of Ontario.

Despite Mr Kormos's talk about regions he would know, if he travelled to Durham region more often, that there are in Oshawa, Whitby and Clarington well over 200,000 people, one of the fastest-growing areas in Canada. But that's not really why you're here.

The Canadian Book of Charities is about 188 pages.

**Mr Howard:** That's right.

**Mr Flaherty:** I dug it out last week because one of the major concerns we have, which you're addressing, and I appreciate it, is how one chooses between charities or, perhaps more important, how one gives priorities between charities because of the demands, and that goes to the implementation stage certainly of video lotteries and permanent charity gaming halls in the province of Ontario.

The one assurance the government can give is that the revenues to charities in Ontario will increase by up to \$180 million — that commitment was made by the Minister of Finance — which in terms of, for example, Monte Carlo nights now in the province, and there are some 9,000 nights per year, because more than one goes on every night, produce \$10 million to \$15 million per year, so the anticipated increase in the revenues is well over 10 times what that is generating now.

I appreciate your input about the role the United Way can play based on the tremendous experience it has and the capacity it has, specifically going to that implementation question. I will certainly pass on your proposal to the minister and make sure that I discuss it with him, then I hope that the United Way — you're showing the lead here for all United Ways — will participate in the further consultation that the government is committed to about implementation. Thank you very much for coming to Ottawa.

**Mr Howard:** Thank you very much for having me.

**Mr Ramsay:** Thank you, Mr Howard, for coming today. I certainly appreciate your attempt to do almost what your organizations do: When you see adversity there, you come in with a solution. I salute for you that, being positive.

I would say that what you're trying to do, which is a creative way of managing, is to make lemonade when you see a lemon. I'm very concerned about VLTs and the introduction of them into Ontario because I see them as a big lemon for sure. In fact, they're going to hurt all the little lemons on those Nevada tickets that a lot of little groups, some groups that you complained about there being too many of in this country, depend upon to raise money to help children have recreation in their communities, and other very good organizations that don't come under umbrella groups but which scurry around and have their volunteers work very hard and diligently, whether it be in malls or bingo parlours, to run the charity bingos, to try to get enough money to keep a ball team together or a minor hockey league going.

That's the whole problem with this introduction. It takes the tools away from the people who work very hard

in their communities to try to support organizations they believe in, that they feel will be of benefit to the community. To give it to one umbrella group, whether it be the Ontario government or a very good organization such as yours, really runs the risk of exclusion of many groups that are out there raising money today.

I'm particularly incensed about the introduction of VLTs in that it is really going to impact upon a lot of those groups, yours included, I suppose, in the way you go out to raise money. This system is going to suck a lot of dollars out of the community, and yes, some of it is certainly going to come back, but it means charities are going to have to go, like in the good old days, to government with cap in hand asking for that grant, where today they've got the tools in hand to go and get that money.

I appreciate what you're trying to do and if there is to be some distribution of these revenues, they should be done locally for sure, but I'd want to insist and hope that a group such as yours could then be inclusive to all groups that are out there in your community.

**Mr Howard:** I don't mean to say, about the 79,000 charities out there — I didn't want to create the impression that this is too many, because I don't know what's too many and what's too few; I just know what is. I think that as we strive in the 1990s for a re-engineering job, in a lot of areas efficiency is of paramount importance. There's no question about that. We have to do everything we're going to do more efficiently. What I sense from three different levels of government is a desire to do more things at the community level: community empowerment, community level and efficiency, and that's almost the first page of our campaign brochure.

There are going to be some organizations which will lose a revenue source, not the least of which is a lot of United Way agencies. Of the 40 agencies in our community I could probably guarantee you that 50% currently have revenue from Nevada tickets. So it's a rationalization. If somebody says: "Why United Way? This is going to impact on Nevada" — correct, 50% of our agencies have Nevada proceeds; it's probably higher than that and I should have done that before I came here — you'd be saying, "Why United Way?" Because if Nevada is bleeding, United Way is going to be given a pool of money and maybe one of the criteria could be to assist those organizations specifically which lost proceeds related to shrinkages in other areas.

**Mr Patten:** Mr Howard, thank you. I can appreciate, having worked for decades in the field in which you work, fund-raising and the voluntary sector, the pressure to always find resources.

However, I must express my disappointment that even in an oblique manner there was no comment from you in terms of any cautions at all related to gambling, VLTs in particular, that have impact on young people, any reference to any literature, any reference to any of your own organizations that are members of the United Way, because if you guys aren't going to make some of those points you come in the same manner in which the restaurant associations would be looking for ways to increase their revenues, for a business purpose, which is justifiable and fair.

I'm caught in a way, because I do appreciate and I know that the organizations you support and the organiz-

ations you're not able to support need more resources. My fear as a legislator is that I see this insidious — I think the government is becoming addicted to gambling revenues. I see more and more of our social programs becoming dependent upon revenues from gambling. When that starts to fade or die out, as I hope it might in many ways, where are we going to be with new revenues? I just share that one comment with you, Mr Howard.

**The Chair:** Our time for this presentation has elapsed and we must move on. Thank you very much, Mr Howard, for taking the trouble to share your concerns with us today.

#### CANADIAN STANDARDBRED HORSE SOCIETY

**The Chair:** The next presentation will be the Canadian Standardbred Horse Society, Mr Ted Smith, general manager and registrar, and Donald Booth, director from eastern Ontario. Welcome, gentlemen. Please proceed as soon as you're able to.

**Mr Ted Smith:** Good morning to you, Mr Chairman, members of the committee and all the honoured ladies and gentlemen in attendance in the audience.

First of all, you'll note that I didn't hand out any paperwork today because I think you've had many presentations from the racing industry across the venues of this massive province of ours. As Mr Kormos has said, you've heard it all before. I know you have the very strict facts in your hands or you've had them many times in your hands and I thought we'd take a different approach here today on behalf of the Canadian Standardbred Horse Society.

We're basically your grass-roots people. We're the breeders in the province of Ontario. Across Canada, we have 8,500 members of the Canadian Standardbred Horse Society, and you'll probably be impressed to know that in the province of Ontario there are over 5,000 breeders, many of them being very small-time breeders. We're here to represent those people from the rural areas who have an investment in agricultural land, in horses, and certainly employ those low-skilled people who have the love of the horse.

1140

To my immediate left is Donald Booth. Donald Booth has been a breeder for probably 50 years or so and a director of the Canadian Standardbred Horse Society, representing eastern Ontario, for the last 31 consecutive years.

**Mr Patten:** He doesn't look that old.

**Mr Don Booth:** Thank you.

**Mr Smith:** Don has played a very strong and active role on behalf of the breeders and grass-roots breeding industry in Ontario, and rightly so. Don and I are very, very proud of the results we have been able to have in Ontario. The breed of horse that's being raised and bred in Ontario has been able to compete internationally now. We're not restricted to the province of Ontario nor the continent of North America. These horses go across and compete and win in Europe. So you from Ontario have a right to be proud of the breeding of the standardbred horse that's been developed in our fair province.

What I'd like to do today is to tell you some of the different approaches that are involved in the breeding industry. You'll say, "How does that relate to supporting Bill 75 and the legalization of VLs?" Well, VLs in Ontario are obviously something that, as Mr Kormos believes, are going to come. We believe they should come at the venue of racetracks, which is a very strictly regulated, strictly enforced, supervised and secure area for them to be implemented.

Mr Lawson, representing the horsemen of Ontario, touched on the fact that the dollars wagered are the engine that drives our industry. Let me just explain that again for a moment, and I know he did quite capably. But for us as breeders, how do we gain our revenue? We gain it through the sale of our horses at public auction. Don is raising yearlings and he's going to sell them in our public auction, the Canadian classic sale, September 11 and 12. That's primarily their source of revenue, other than if they stand a stallion, they collect service fees.

Over the years the gaming industry in Ontario has changed. Horse racing has been the oldest gaming sector in the province, and as times have changed, with the lotteries coming in and the implementation, hopefully, of VLs and charity casinos and so forth, our amount of that gaming industry has slipped from almost having it all to 11%. You can see there's been a huge slide, down to a very marginal amount of revenue.

We, the horse racing industry — and this is a combination of racetracks, horsemen and breeders, because as Mr Kormos said before, you've heard it all around the province — unitedly agree that VLs can increase the dollars wagered at a racetrack and that we could hopefully get the cross-pollination of people attending a racetrack to visit and use VLTs and perhaps be introduced to racing and feeling, "That's not a bad sport to be involved in."

We feel that dollars wagered drive our industry, and if we get any overflow or cross-fertilization from VLs, that will help increase our product and the performance that our horsemen put on at a racetrack. The ultimate winners would be the fans, who get a superior product to wager their dollars on.

Saying that dollars wagered is the engine that drives our industry relates to the three segments of our industry. I see racetracks as being the first segment, where they give you the location to put on the show. In fact, they're the host. The horsemen, on the other hand, are the people who display the show. They own the horses, they race the horses, they perform the whole show for you and allow you to wager on them. Last but not least are the breeders. Somebody has to produce the horse that's going to race at that racetrack. The breeder often gets left out of the whole equation but probably is the most important part of it, because if there isn't a supplier of the product, there certainly won't be any horses, nor will there be any show. So the breeders are a very important part of our industry today.

Working for the Canadian Standardbred Horse Society, I can tell you that we run horse sales in Ontario and the Canadian Classic yearling sale is the biggest yearling sale in Canada and is probably number five in North America, hopefully number four this year. From early April to



early June, I spend two months driving around the province of Ontario inspecting all of the yearlings that are nominated for the Canadian Classic yearling sale. This year alone I put 8,000 miles on my car in two months. I personally go to inspect over 600 horses and hopefully pick the best 300, on pedigree and confirmation, to sell for the public. So we'll supply the product.

I was visiting a farm called Killeen Acres in Ingersoll and it was just one of those spots in time that really sticks in my mind. Jack usually sells 10 or 12 yearlings at my sale and he also stands the most successful sire in Ontario called Run the Table. I had actually inspected the yearlings and Jack was very busy and he had stopped in the barnyard to ask me my comments. Just at that point in time, six of his grooms were leading six brood mares with their foals across the barnyard. Jack's sort of a different guy and he just turned and said, "Stop." Everybody looked around and he said: "Stop. Where are you taking those brood mares?"

The girls who were taking them said, "We're taking them to turn them into their various paddocks," and so forth. "Who told you to do that?" "So-and-so." "Who owns this farm, me or he?" "Well, you do, Jack." "Well, just stay right there." So nobody moved.

I looked around and there were six grooms holding six brood mares; Jack and his brother, who are the owners of the farm; I'm there inspecting yearlings. A blacksmith drove in, who was there to trim all of their feet. The veterinarian drove in at the same time, and over in the side field were two or three young lads repairing a fence. Lo and behold, then the feed van drove in. I'm thinking, "Boy, this industry really is heavily populated with different sources of employment," and is one that perhaps all of us around this table don't see from day to day, because I'm in an office a lot of the time too. It just made me appreciate the depth of the breeding industry and the horse racing industry in the province of Ontario. It started with those grooms leading the brood mares to the veterinarian who came to palpate the mares and collect the stallion and inseminate them.

We really do involve a lot of ancillary types of employment, ones that may not necessarily be known to everyone around this table and that get forgotten from time to time but are very important employers of the breeding and racing industry. I think it's an important equation that breeders get recognized as part of that three-way equation with racetracks, horsemen and breeders.

Breeders, as I said, basically get their source of revenue at one point in time in the year, and that's in the fall when they sell their yearlings at the sale. What dictates the price of those yearlings? It's supply and demand. Is the demand high? The demand will be high if the purses that they race for are high. How do the purses that they race for get high? It relates to dollars wagered. Where do you get the dollars wagered? From the fans. If you don't have fans and you don't have a part of the gaming industry today, then all of that starts to go down to a lesser amount. As I said at the beginning of my presentation, we started with almost a lock on the gaming industry and we're down to 11% now.

We, the breeding and racing industry in Ontario, feel that VLs at racetracks, in a very secure and controlled

area, could complement our industry and that we can get the cross-fertilization hopefully to increase our wagering, hopefully that the purses would go up, hopefully there would be bigger demand for the horses, and that the breeders would get well paid for their horses. What those breeders then do is they buy more land, they build more fences, they employ more low-skilled, low-level people, and the whole cycle starts again. I foresee that there could be a possible beginning of a slight boom if we can increase these purses and I really believe that VLs can help us do that. Not only do I; I'm sure the Ontario Harness Horsemen's Association believes that, and you've heard from various racetracks across the province telling you that.

**1150**

In essence, we feel that VLs could complement racing. Sure, there may be some downsides to it too, there could be some cannibalization, but we believe that if we get a fair and equitable deal, that would work to our benefit.

I would just like to leave you with the fact — and I'll leave it open for any questions that you may ask me or Don — that people in this industry don't seem to put their money back in the bank; they reinvest it. Money that gets wagered at racetracks or money that gets given for horses that are sold at public auctions goes back into the pockets of breeders, and they in turn buy more trucks, they buy more brood mares, they buy more farms, they build more barns, they build more fences, and that generates the economic activity in this province that we so greatly need.

With that, I would like to thank the committee for taking time to listen to my presentation and would be very, very willing to answer any questions.

**The Chair:** Thank you, Mr Smith. We have approximately two minutes per caucus.

**Mr E.J. Douglas Rollins (Quinte):** Thanks for your presentation, and it's a pleasure, Mr Booth, to see you once again. Ontario sires stakes is something the Ontario horsemen, along with the cooperation of the government, put together. Has that been successful? Is that a process in the rest of Canada?

**Mr Smith:** The Ontario sires stakes has actually been revamped in the last five years and we've gone to what we call a gold series and a grass-roots series. It's not that we got an infusion of new dollars, we just revamped the format for it. That, in my opinion, has encouraged the breeders, encouraged the buyers and resulted in the prices of yearlings starting to climb again. So yes, it's a model of success and has been implemented in other provinces and actually it's now started to filter down into various states in the United States because of the success in Ontario.

**Mr Crozier:** Welcome. As you pointed out, your position has been stated by a number of presenters across the province, and certainly it's been helpful to recognize what harness and horse racing does in general for the economy in the province of Ontario, and particularly agriculture. I've got a first-rate training facility in my own home town and we have Windsor Raceway that's in an adjoining riding, so we appreciate the benefits in that part of Ontario that I come from and we appreciate your comments today. There aren't any real questions that I

could ask other than to make the statement that we support your position, and I suspect that with some innovation we can bring racing back to more of the prominence that it's had in the past.

**The Chair:** Do I have unanimous consent for Mr Guzzo to ask a question?

**Mr Guzzo:** I have Mr Kormos's time.

**The Chair:** Unfortunately it doesn't work that way, Mr Guzzo. Do I hear any objection?

**Mr Crozier:** As long as it's not a partisan question.

**Mr Guzzo:** It's mostly educational.

**The Chair:** Okay. You have two minutes, Mr Guzzo.

**Mr Guzzo:** I want to make a statement. I think, in fairness, Mr Smith has done himself a bit of a disservice. I think he's done an excellent job of outlining the employment strategy, but this organization does much more. This is the pedigree registry of the horses in Canada.

Let me just explain something. As a result of the work that was done on parentage through blood work in attempting to identify the parentage of horses, we have had breakthroughs in other areas. Today we have DNA testing in the criminal courts. We expanded it into human parentage and things that I was involved with for a few years, but they have taken it one step further through work done at the University of Guelph and Cornell University in New York state. What we're doing today — and I go back to the acquittal of young Mr Morin in the murder situation in Streetsville — he was acquitted on DNA evidence — and an arrest that was made just recently on a 10-year-old murder in Toronto based on DNA evidence.

That fingerprint blood work, as we call it today, is a direct result of work done by this organization, with the help of the University of Guelph and Cornell University, in attempting to identify the parentage of horses, a byproduct of it that is a very valuable asset and it comes directly as a result of this organization. For that you should be commended, and I thank you for coming today.

**The Chair:** Gentlemen, I thank you very much for your presentation here today.

There will be a subcommittee after our adjournment this evening, either here or at the airport, where we can discuss the timing of proposed amendments. We are adjourning to 1:20, but I'd ask the members to stay very shortly so we can discuss a matter Mr Ramsay has given me. We are adjourned.

*The committee recessed from 1156 to 1321.*

#### CITY OF OTTAWA

**The Chair:** Good afternoon, ladies and gentlemen, members of the committee. We will proceed with our afternoon sittings. Our first presentation will be made by the city of Ottawa, Jim Sevigny, commissioner of planning and economic development. Welcome, Mr Sevigny. I apologize for our slight delay, but you have 20 minutes for your presentation, starting right now.

**Mr Jim Sevigny:** Thank you very much. I will not require that much time. I appreciate the opportunity to appear before the standing committee on administration of justice on this important piece of legislation. I should

point out at the outset that I am expressing the views of Mayor Jacquelin Holzman of the city of Ottawa, who regrets that she is unavailable to be here today personally. She is participating in the Association of Municipalities of Ontario conference in Toronto.

The city of Ottawa has taken a keen interest in the expansion of gaming activities in Ontario and in the health of Ontario's hospitality sector. On October 4, 1995, city council approved a resolution in support of a casino gaming complex in Ottawa. During the discussion of the resolution, city council approved the following amendment: "And therefore be it resolved that, if successful, the city of Ottawa negotiate with the province of Ontario an amendment to the Ontario Casino Corporation Act to ensure that substantially more of casino revenues are retained in the local economy."

I would like to reinforce city council's concerns about keeping gaming revenues in our local economy, where they are needed to help local charities and to provide services needed in our community. I am quite concerned about revenues flowing into Quebec to the Hull casino because in Ottawa we have no competitive venue.

In the 1996 budget speech, the Minister of Finance, the Honourable Ernie Eves, suggested that the proceeds from video lottery terminals would be distributed as follows: 10% to the operator, 10% to Ontario charities, to be distributed by the government, 2% special fund for people with gaming problems and 78% for the Ontario government.

I am pleased that the government has made a commitment to charities. I would, however, suggest that the 10% figure is too low. This percentage should be increased to 15% or 20% and this money should remain in the community from which it was generated rather than being distributed by the government to Ontario charities. Ensuring that a portion of VLT revenues remains in the local community where they are derived will assist in generating support from the community at large for this legislation.

VLTs clearly provide the province with an opportunity to generate revenues in order to meet its fiscal objectives and to fund useful provincial and local services. A portion of these revenues going to the province should be made available to host municipalities to assist in funding important services within their local community. As you are no doubt aware, arrangements have been made in other provinces in Canada to provide a share of such revenues to local municipalities.

I support the position taken by the Association of Municipalities of Ontario that 10% of VLT revenues now targeted for the province should be returned directly to the host municipality. In other words, I would urge you to consider the following breakdown: 10% to the operator, 20% to local community charities, 2% special fund for people with gaming problems, 10% to the host municipality and 58% to the Ontario government. Further, I would support the recommendation put forward by AMO that the percentages to be allocated to local charities, problem gaming and municipalities be expressed explicitly in the act.

The 1996 budget provided for a two-stage process for the establishment of VLTs. They would first be estab-



lished in racetracks and permanent charity event sites, of which the Minister of Consumer and Commercial Relations announced 50 sites.

I am pleased that the minister indicated that at least one site would be located in the Ottawa-Carleton region. I would, however, ask you to consider establishing additional sites within this region. This region needs to use every available means to counteract the effects of the Hull casino. We need to keep these entertainment dollars in our own local economy and in Ontario. The Hull casino is within close proximity to Ottawa, a 10-minute drive from the Parliament Buildings. On any given day, over 50% of the licence plates in the casino parking lot are from Ontario. In addition to keeping entertainment dollars in Ottawa, a gaming site in the downtown would support tourism by providing additional activities in an area that is trying to survive despite the impacts of federal government restructuring and downsizing.

I understand also that the establishment of permanent charity event sites in this region would not preclude the city of Ottawa from taking further action in support of the establishment of a casino in the city.

Finally, I would like to commend the government for including in the legislation stronger powers to control problem areas such as under-aged drinking and gambling and powers to revoke licences for chronic offenders. The government has shown a very responsible approach to this issue by tackling potential problems head-on.

On behalf of Mayor Jacquelin Holzman, I thank you for the opportunity to present her views on this important public policy issue.

**Mr Patten:** How are you doing, Jim?

**Mr Sevigny:** Just fine, thank you, Mr Patten.

**Mr Patten:** Good. I like the direction in which you're going in terms of some of the money staying locally. This, as you know, is a reversal of the government's cut of casinos in Ontario, which is 20%. In terms of Rama, I'm not sure where that is right now, whether that agreement has been concluded, but the provincial government will receive about 20% of it and the rest would be redistributed.

This is all the money going to the Ontario government, which shows you how desperate they are for money. I think they're becoming addicted with gambling.

**Mr Flaherty:** The way your government spent money, no wonder the province went broke.

**Mr Patten:** We're the only government that had a balanced budget in 1989, my friend. The only government that had a balanced budget was in 1989.

**Mr Flaherty:** By whose numbers?

**Mr Patten:** It was.

**Mr Flaherty:** Come on. That's so ridiculous.

**Mr Ron Johnson:** Anybody can balance the budget if you want to play with the numbers.

**Mr Patten:** It's Ernie Eves's numbers, by the way.

My question is the choice of local municipalities. You didn't address that, whether you felt municipalities should have a choice on whether they would like to be hosts of VLTs or not.

**Mr Sevigny:** All I could do is express a personal opinion on this, which I think might be inappropriate. I am aware that AMO has requested that it be dealt with in

that fashion. Let me contradict myself: I think, personally, that is a reasonable position to put forward.

**Mr Patten:** Thank you for the presentation. I agree with the intent of keeping more money in the community, because if indeed there are more problems than there are perceived to be, a 2% factor from the government's point of view, which I suspect there probably will be, it's going to be the community that's going to have to contend with those difficulties, problems or offshoots that were not foreseen. So I like what you're saying. Thanks very much, Jim.

1330

**Mr Kormos:** Obviously, here in Ottawa, with the Hull casino across the river, as in other communities we've been in where in those instances there are either Manitoba casinos, in northwestern Ontario, or State-side — we went over to the Hull casino. I hadn't been there before. We drove over there at lunchtime and it's everything people say it is. I didn't do a survey of the licence tags in the parking lot, but I've got no reason to suspect the figure of 50% is inaccurate.

Of course, during the course of today we heard from business people in the community, tavern owners, restaurant owners, people in the racetrack business, their sense that their piece of the tourist dollar has been cannibalized by the presence of the Hull casino. Mayor Don Cousens from Markham was before the committee in Toronto last week presenting some similar views, very much views that were reflective of the position AMO took.

I'm confident there will be amendments put to this bill giving municipalities the power. I appreciate you're focusing on charity casinos in your submission, but the thrust of the bill really is 20,000 slot machines, again called the crack cocaine of gambling for good reason, a highly addictive form of gambling, and the data show it's far more so than any other form of gaming.

In your breakdown — and again I have no quarrel with the numbers — there is 10% for operator, charities, funding for gambling, host municipality, Ontario government. There also has to be a piece there for the host site. Again, the government hasn't stated clearly, but one's left with the impression that there are people, Marshall Pollock and people like that, who are more than eager to invest the money to buy these — some people have called them vulgar little thieves instead of VLTs, but to buy these vulgar little thieves, and the owners of the machines are then going to need a piece of the action too.

What about the prospect of licensing, the power to license machines so that a municipality can use this in several ways: one, to help the community keep these machines out of places where the most vulnerable people will be confronted by them, and two, to give them a piece of the action? Would licensing be a preferable option both in terms of getting a piece of the action with this enhanced power to let you control where they're going to be, accompanied by zoning powers? Would that be preferable to a straight 10% of the action?

**Mr Sevigny:** Once again, my personal opinion is I would not be anxious to see the city get into the business of licensing VLTs. I think we're licensing too many things already. Besides, I would not publicly disagree

with the position the mayor's putting forward in asking for a 10% cut.

**Mr Kormos:** Fair enough. But as a follow-up to that, what happens if the government, for whatever reasons — because it will be the ultimate determinant of where machines are placed. Here we have the city of Ottawa, part of a regional municipality. What if the government decides that a neighbouring municipality is going to be the host to the charity casino? The adjoining municipality is going to say: "But our people are victims of these slot machines too. Our people spend their paycheques in them too and then they're not to share in the proceeds." Because they have to suffer the same social problems. They've got the same spousal abuse problems that are going to flow from this, the same problems of children suffering. How does a community adjoining the charity casino location, just as Ottawa-Carleton adjoins Hull now, get their share of the action?

**Mr Sevigny:** I would think it would be reasonable to undergo a consultation process with all the municipalities. I think one way of avoiding the problem you're suggesting is to act on the suggestion that the mayor is making in this brief to assign more than one charity casino to this metropolitan region. If a charity casino was to be placed in downtown Ottawa, and that is very much where the city would like to see a charity casino for economic development reasons, I would think it would be perfectly reasonable to place another casino or two in the adjacent municipalities of Gloucester, Nepean etc.

**Mr Kormos:** Thank you, sir. There's only going to be 50 of them.

**Mr Guzzo:** Mr Sevigny, nice to see you here. I've got to tell you that if you have to be here and your boss is in Toronto dealing with Mr Leach and AMO, you're the winner because you're going to get more here than she's going to get up there. You understand, Jim? Also, if you're heading back — we just came back from the casino by bus and there's a lot of construction on Sussex Drive — I would recommend you not try and get back to your office, just continue heading south. You know what I mean?

A couple of things. First of all, with regard to the percentages, and we've had this discussion in the past and I don't think it's been made clear, but look, let's acknowledge something. Somewhere around 90% —

**Mr Crozier:** Tell the mayor how you feel about her, really. Tell her it's not an intelligent question.

**Mr Guzzo:** Around 90% of the money that's bet is going to be returned to the players. So on the first day, if they're approved and \$1 million is bet, \$900,000 goes back in winnings.

**Mr Kormos:** Where do you get that number?

**Mr Guzzo:** I suggest 90%. It might be 88%, it might be 92%. But the competition is returning someplace between 92% —

**Mr Kormos:** Up to 95%.

**Mr Guzzo:** In our case we're taking 2% off the top, off the gross, for that special fund for people with addictions. So we now have 8% left, if you accept my figures. But accept this. The competition in Quebec returns 92% and the competition, if it's competition, in Alberta is returning between 92% and 94%. For the sake

of argument we're returning — it is then from the remaining 8% that we're talking about divvying up between local charities, the operator, the host municipality. You understand that? That's what we're talking about. A couple of the figures are gross and a couple of the remaining figures are net.

**Mr Kormos:** The position is very gross.

**Mr Guzzo:** Let's say we give back 85%, whatever, but someplace along the line and in order to compete with across the river where they're giving between 90% and 92% back, we're going to have to be in the same ballpark. You understand that? Let's not get fooled by the magnitude of the numbers, and I think that's what scares people from time to time. We're talking gross, 2% of the gross coming off the top for the addiction fund and everything else is based on the remaining 8%. Are we clear on that?

**Mr Sevigny:** Yes, I'll take your word for that.

**Mr Guzzo:** Whatever the number is. But some percentage is going to have to go back to the player. Are you prepared to acknowledge that, Mr Kormos, or do you think it's going to be like the grey machines now? We don't know if anything goes back in those grey machines the Liberals want to keep.

**Mr Kormos:** Garry, at the end of the day, the players lose. Let's get it straight.

**Mr Guzzo:** They may lose. They're going to lose 10% or 8% off the top.

**Mr Kormos:** They lose. They lose all of it. That's the name of the game.

**The Chair:** Thank you, Mr Sevigny, for attending here today on behalf of the city of Ottawa.

**Mr Sevigny:** Thank you very much. Good luck.

**The Chair:** We'll need it.

## CHRISTIAN COUNCIL OF THE CAPITAL AREA

**The Chair:** Our next presentation will be from the Christian Council of the Capital Area, Monsignor Peter Schonenbach. Welcome, Monsignor. The monsignor has filed a written presentation and now has 20 minutes to make his presentation and answer any questions the committee may have.

**Monsignor Peter Schonenbach:** First of all, I want to thank the standing committee for allowing us this opportunity to put some of our ideas before you.

I'd like to say something about the Christian Council of the Capital Area. The council celebrates 25 years of existence this year. It was indeed established in 1971, in the words of its constitution, "to give visible expression to the unity of all Christian believers and congregations of whatever tradition or denomination." I think we're kind of proud that in the capital city we've been able to keep this type of understanding going.

Member churches of the council are the Anglican Diocese of Ottawa, the Ottawa Baptist Association, the Greek Orthodox Diocese, the Ottawa Mennonite Council, the Ottawa Presbytery of the Presbyterian Church, the Ottawa Presbytery of the United Church of Canada, the Roman Catholic Archdiocese of Ottawa, the Salvation Army, the Society of Friends and the Women's Inter-Church Council of Canada. Our membership comprises over 500 congregations.



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Now, what does our council say about Bill 75? First of all, we acknowledge that there's a lot of legislative housekeeping taking place and obviously the council does not in any way object to that. Our concern has to do with the prospect of widespread availability of video terminals for gaming purposes throughout the province.

We contend that a part of the business of living is having the possibility of discretionary spending. Some of us have a great deal of resources to allow generous discretionary spending, while others have not. Existing lottery outlets provide extensive opportunity for individuals to use some of their discretionary dollars in this manner. Maybe I'll just add a little point here. There's no doubt that in the Ottawa area we have a real problem on the other side of the river. On the other hand, do you fight a fire with gasoline? I wonder.

Bill 75 increases greatly the availability of outlets gathering in lottery and other game-generated dollars. It is our contention that this will lead many people to go beyond the discretionary spending for such activities, and as a result, lead to more poverty among citizens of our province. We feel it is most ironic this measure is being put forward precisely in the year set aside by the United Nations for the eradication of poverty. We're starting to become really ridiculous here.

The title of Bill 75 speaks of the wish to fund charities. The council suggests that the open-door policy on video terminals envisaged by the bill will undermine in a serious fashion the fund-raising projects of social agencies and churches. This is a great concern, especially now when governments are downloading many social responsibilities to local charities.

In conclusion, the Christian Council of the Capital Area is opposed to the widespread use of video terminals for gaming purposes. It has been contended that in using the powers afforded by this bill, the government of Ontario would avoid excesses that have occurred in other provinces. We believe legislation should reflect our values in the first place, and regulations can then follow suit.

To the argument that claims this legislation is but an inevitable move in a pluralistic society, we say that government is there for the common good. Legislative measures must reflect the values of Ontarians and we contend that these values are not apparent in the consecration of materialism so evident in some parts of Bill 75.

I realize that perhaps this is taking a rather tough point on this, but we also have the experience of dealing in so many of our congregations with the people who are the victims. Right now, I've had several pastors from various congregations telling me of people coming to them, saying: "Well, we got our cheque yesterday, but we weren't lucky at the casino. Help us out."

This is not just some little bit of fringe business. There are a lot of people involved, real people. Then you say, "All right, we're going to put 2% to help the addicts." Does that help the actual families, the families that will be suffering? Poverty, you know, is a cancer, and if we don't really look at it, look at these points, I think we're deluding ourselves.

Thank you very much, ladies and gentlemen. I'm open to any questions.

**Mr Kormos:** Thank you, Monsignor. I appreciate your comments. You know that the view you're expressing, which has been expressed by the church community in other parts of the province, has not been the prevailing view at these hearings. I suppose the government could respond by pointing out that we have these 20,000 or so illegal or potentially illegal slot machines in the province. I understand there was just a raid done in London. The police, once they apply resources to them, can clean up on those, and they raided a London location a couple of weeks ago and seized a bunch of them.

As I told the previous presenter, we were just over at the Hull casino. One of the things I have found objectionable during the course of this is the portrayal of slot machines as entertainment. People don't want to call them slots; they want to call them video lottery terminals. It sort of makes them akin to Pac-Man games or whatever it is, the kind of games that especially young people play.

When you mention the narration of somebody's parishioner saying, "We got our paycheque, but we just weren't lucky," that one phrase spoke volumes, and again Mr Guzzo's numbers are correct, you see, that they pay back 95 cents on the dollar, as if to imply that every dollar you put in there you get at least 95 cents back out, but the problem is that at the end of the day nobody wins other than the people who own the machines. Do you have concerns about what this says, especially to young people, in what are admittedly very difficult times and very frustrating times for young people?

**Monsignor Schonenbach:** All I can do is agree with you. We're caught with a problem and people who are in government are supposed to deal with problems, and it's a problem. How do you manage in a complex society? Obviously, you've got illegal machines. Well, do something about the illegal machines. Start working on this. It's fine and dandy to say: "Oh, we can't do — we're caught. We have to do this." You really don't have to.

**Mr Kormos:** Thank you, sir. I'll relinquish the balance of my time to the government, not that I'm not in need of moral guidance, but on this particular issue I suspect the government members would do better with it.

**Mr Flaherty:** Thank you, Monsignor, for your presentation on behalf of the Christian Council of the Capital Area.

With respect to the availability issue, I think this needs to be addressed because some people make the assumption — I don't know whether the Christian Council of the Capital Area does make this assumption or not, but some make the assumption that if one introduces a new form of legal gaming in the province, therefore, the number of persons who will have problem gaming addiction or whatever will increase. The studies say that is not so. The reason they say it's not so is that if one already has access to gaming in a jurisdiction, as we do in Ontario because of the Liberals who brought in Monte Carlo nights and because of the NDP who brought in casinos, then you don't increase the level of addiction by adding another form of gaming.

I use for a specific example — we can use Canadian examples; I don't need foreign research for this — the University of Windsor. The Canadian Foundation on

Compulsive Gambling did a study released April 4, 1996, this year, which indicates that the incidence of compulsive gambling in the population remains stable at between 1% to 2% and does not increase even when a major new form of gambling such as casinos or video lotteries is introduced. This is based on exactly what happened in Windsor, Ontario, Canada, in the 1990s. It's not based on something in the United States; it's something that happened here.

This is not to say that government shouldn't face up to its responsibility to deal with those who develop addiction problems, and for the first time in the history of Canada, we have a government, our government, that's going to commit substantial resources, 2% of the gross revenues, to that problem.

But let me come back to a more general issue, and that is the role of gaming in our society. How do we in a pluralistic society — I'm going to ask you about this because I find it very difficult and I'm sure many of the members do — deal with the reality of break-open tickets and Nevada tickets and lotteries, ever since the lottery for the Olympics in Montreal in 1976, and bingo halls and Monte Carlo nights, all these various forms? I can go back to when I was a boy and Irish Sweepstake tickets. Everybody had them, but they were illegal and nobody knew where they came from, apparently. We've had that history throughout the last 50 years in Canada — race-track gambling. Is the concern of the Christian Council of the Capital Area that gaming itself ought to be avoided in the public good, in addressing the common good, and I agree with you on that, or are we talking about a specific form of gaming?

**Monsignor Schonenbach:** I think what we're saying here is that really we feel that, as you have actually nicely described, what is available right now is quite rich in opportunities, and we feel the problem is that you extend all sorts of powers. Even if you say, "Oh, we're not going to use those powers," the powers are there and they consecrate, they make this normative, that indeed that's the way life is, that you have all sorts of opportunities for gaming.

We're talking about the addicts. Certainly, we commiserate with the addicts. But we also are talking about a lot of relatively poor people who are just on the fringe, and the more opportunities you give them, the more they feel this is going to be the way to get out of the crap. It never happens; they just get deeper into it. What we're saying is, regulate the stuff, yes, but do you really need these extra, these new video terminals? It's on that point that we feel it's a real crusher.

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**Mr Galt:** Congratulations on your presentation; most interesting. I am not a gambler myself. I find no interest in it whatsoever and it totally turns me off. That may explain where I'm coming from with my question. I look at the different churches that you have listed here. Some of them are totally against gambling, as well as alcohol, and preach it. Others do sell lottery tickets, run bingos, run dances and a bar. With your presentation, I think of the stories about \$1 million for a prostitute or \$5, that kind of thing; you're still into that business. I think the same way in gambling. If some of these churches are

running bingos and draws of other types, rolling dice etc, in your presentation how can you separate that from VLTs?

**Monsignor Schonenbach:** Because all of these things have a great redeeming thing, and that is a social factor. I was pastor of a parish at one point where we had a weekly bingo and it became a wonderful social occasion. The guys who were calling the numbers recognized the birthdays of some of the people and so on. A lot of the little people came and they got more enjoyment out of this, even if they knew that the money was going directly to one particular spot or somebody would get a nice little special, but nobody really made a lot of money. Here, you're talking about impersonal machines, the money being sucked into a central spot. When it comes down to it, sure, we're going to help the charities. Who's going to help the charities? Who are the charities going to be? Is it some of the major, big concerns? What about the local people?

There is so much wrong with this. It shows you the wonderful cooperation we have among the churches. We've got people on here who would like to say, "Kill it, it's the work of the Devil." There are other people who say, "No, let's live." We're able to come up and say, "Oh yes, we allow you to do basically what you're doing, but don't extend it."

**Mr Crozier:** Good afternoon, Monsignor. It's been said prior to your being here today, in these committee meetings that we've had over the past couple of weeks — I'm surprised it wasn't used by the government today — that just because you introduce another beer doesn't mean there's going to be more drinking. But the point that you have raised on the proliferation of gambling is that we do have evidence that this is the case, that more people gamble when opportunities to gamble are more prevalent. A Mr Goodman, in a study in 1994, suggests: "Organized crime as well remains an active provider of gambling products in its own market niche. Expanding legalization increases the number of people who gamble and provides organized crime with access to a larger consumer pool." That's an additional concern, where organized crime will come into this as well.

Your position and that of the church organizations you represent is fighting a difficult uphill battle, because I feel, I'm willing to bet — and I'm like Mr Galt; I'm not a gambler — that there won't be a government member who stands opposed to this bill, notwithstanding the way some of them feel. Is there a way that we can not only hear from you but hear from your parishioners? Do you think your parishioners are willing to let members of the provincial Parliament know — petitions from churches, letters from members of churches, that kind of thing?

**Monsignor Schonenbach:** I consider this a very serious forum. I wouldn't want to say that what we're doing here today is just a farce. We've taken the opportunity during the summer, by the way — it's rather interesting. I've been before some of your Ontario hearings now over the last few years; it becomes the rite of August. With all due respect here, we had to get all sorts of people together, getting them back from cottages and so on, to try to come up with what is a common policy. You're hearing from people who are touching the



grass roots. Now you're telling me, "No, all we need now is a whole bunch of letter campaigns again." What is government supposed to be? Let's try to be efficient about these things. We're not telling you how to do your job. We're simply saying: Beware. Look at the implications. Don't let all these fancy reports fool you.

**The Chair:** Thank you, Monsignor, for your very thoughtful presentation.

I just wanted to clear up a misapprehension. If one caucus chooses not to use all its time, I do not add that to the other caucuses. That time is lost.

**Mr Crozier:** Not even if we direct it?

**The Chair:** If there's unanimous consent, I assume.

**Mr Kormos:** Or if one wants to relinquish one's time.

**The Chair:** If that's your desire, but I don't usually do it; that's all I'm saying. You don't have to use all your time, Mr Kormos; that's the point.

#### OTTAWA-CARLETON BOARD OF TRADE

**The Chair:** The next presentation will be the Ottawa-Carleton Board of Trade, Willy Bagnell, president. Mr Bagnell, welcome.

**Mr Willy Bagnell:** Thank you very much. I understand you've had a wonderful lunch-hour break and seen the tens of millions of dollars we're exporting to our friends and neighbours in the Outaouais. I understand one of the honourable members is a little richer today for their cultural exchange; I congratulate you.

It's a pleasure for us to be here today and to talk about the topic. The Ottawa-Carleton Board of Trade is the oldest and largest business organization in our region, representing over 1,400 business people. As the metropolitan Ottawa chamber of commerce, we have long pursued the goal of improving our community and improving the efficiency and effectiveness of government. We realize that pursuing these goals is a long-term endeavour. The recent opening of the first section of Highway 416 is a fine example of this long-term vision. It was in 1948 when the then Ottawa Board of Trade requested a four-lane highway connecting the St Lawrence Seaway to the national capital. Almost 48 years later we begin to realize our dream.

The legislation you are reviewing deals with a multitude of issues and policies. We commend the government, and in particular the Honourable Norm Sterling, for their diligence and foresight in crafting this bill.

The board of trade believes that the amalgamation of the Liquor Licence Board of Ontario and the Ontario Gaming Control Commission into one entity is a wise and prudent action in that it represents maximum financial impact and better management for the taxpayers. We have long called on the province to maximize the efficiency of its operations and we see this as concrete evidence of this fact.

We also believe it to be a most pragmatic move, given the introduction of the video lottery terminals to our province on a legal basis. As you are no doubt aware, estimates from various organizations say there are between 20,000 and 25,000 illegal machines moving around the province. By moving into this area, the government serves notice to the taxpayers in Ontario that

it will control the problem with tight regulations, proper distribution and more discipline.

With the introduction of this legislation the government has demonstrated that it will deal with the issue of problem gambling. The allocation of the 2% of gross revenues from video lotteries to help in this area is a tremendous step which has garnered wide support from all areas of our community. As evidence of this, the executive director of the Canadian Foundation on Compulsive Gambling has stated that he views the allocation of funds from the video lotteries to help solve problem gambling as a "very important step."

#### 1400

Bill 75 will also aid communities with problem licensed establishments. It will restrict further applications for premises where chronic problems occur for up to two years. This will place more responsibility in the hands of the property owner to ensure that tenants are abiding by all laws and regulations concerning the sale of alcoholic beverages and gaming.

We are pleased to see the establishment of charity gaming halls across the province. It is our belief that this organized and professional approach to charity gaming will provide more financial return for charities in Ontario and fewer problems for communities in general.

We would also like to place on the record our support for a casino in Ottawa-Carleton. We believe it is long overdue and will be a popular attraction for eastern Ontarians. The present Casino de Hull in Quebec is setting profit records and providing tremendous economic benefits for our Quebec neighbours in the Outaouais, but not for Ontarians.

The Alcohol, Gaming and Charity Funding Public Interest Act sets the stage for Ontario to move into the next century as a leader in this area. The legislation positions our province as a progressive but caring society which understands that gaming is a huge industry and a tourism asset, that illegal activities will no longer be tolerated, that problem gaming will be addressed. We believe this to be a positive sign.

**Mr Flaherty:** I'll be fairly brief. Thank you for being here today on behalf of the board of trade. You mentioned casinos, so I will comment on that on behalf of the government. Permanent charity gaming halls are created by Bill 75, the bill we're here about today. Charity gaming halls are not considered to be commercial casinos. The government maintains its intention to hold a referendum on casinos in the 1997 municipal elections. That has not changed and that commitment is there. We're a government that keeps its commitments, so that's to happen in 1997.

With respect to charity gaming halls, it's anticipated that there will be a number of them around the province. One of the things that's happened with these roving Monte Carlo nights, which started off as a night here and a night there, is that over the years it's got to the point where we have 9,000 Monte Carlo days a year in the province of Ontario, 3,000 events and 240 operators operating these events around the province. One of the enforcement regulatory tools here is to get these events into permanent sites in Ottawa, and elsewhere I'm sure, to not only provide regulation but to make sure they're

run properly and the money that's supposed to go to charities goes to charities. It's very difficult to regulate a roving gaming activity that's moving from place to place, and we've heard about that during the course of this hearing.

Have you had any concerns expressed to you in terms of tourism and gaming in the Ottawa-Carleton area?

**Mr Bagnell:** The concerns that we've had expressed have been predominantly from the tourism and hospitality sector relevant to the amount of money that's going to Quebec with the opening of the Casino de Hull and not staying in the province. On the other side of the coin, in my life as a regular member of the community, I have the pleasure of serving as chairman of the Variety Club for Ottawa and have found that the new act will be a tremendous benefit for what we call legitimate charities that serve the community. It's not roving gambling houses that are the ones we're talking about, but charities like United Way, Variety Club, Children's Wish Foundation, that can really benefit from this. We're taking a step in the right direction.

**Mr Guzzo:** Thank you for your presentation. I wonder if you wouldn't just elaborate a bit on the economic situation in Ottawa with the federal government cutback in the number of jobs and what the city of Ottawa, and particularly the business community, has been going through in recent years.

**Mr Bagnell:** I think it's appropriate to mention that the economy of Ottawa-Carleton has been hit to date with over 14,500 lost jobs from the public sector at the federal, and there no doubt will be lost jobs at the provincial level as we go through balancing the budget. The board of trade has not opposed this. We have supported it because we realize that we can no longer spend money that we don't have. That being said, the tremendous impact that gaming has had on this region from the Casino de Hull we would like to see balanced off, and we think that the charity gaming house that would be built here, or used here, will provide a step in the right direction.

There's no question that our economy here is moving from where it was in the 1960s, with 81% of our employment at the federal level, to now about 19% at the federal level in the national capital, and we anticipate that will move forward, but anything we can do to help it would be a good thing.

**Mr Guzzo:** Thank you, sir. I just want to know — maybe I should have raised it with the representative of the city of Ottawa — are you aware of a piece of property within the city, or for that matter within the region, that is properly zoned to hold a casino?

**Mr Bagnell:** How many would like to know about?

**Mr Guzzo:** I'm serious.

**Mr Bagnell:** I am serious too. One of my roles within the board of trade was to be a co-chair of our casino task force, and we had isolated I think between nine and 10 properties that would hold a casino.

**Mr Guzzo:** I said "properly zoned."

**Mr Bagnell:** Oh.

**Mr Guzzo:** Under the municipal zoning bylaws of any of the municipalities in question, particularly Ottawa, do you know of a piece of land that's zoned to hold a casino?

**Mr Bagnell:** Just one, I believe, presently.

**Mr Guzzo:** Which one?

**Mr Bagnell:** Lansdowne Park.

**Mr Guzzo:** I question that but —

**Mr Bagnell:** I believe that's the only one.

**Mr Guzzo:** — I hope you're right about that. That's the only one I can think of.

**Mr Bagnell:** That's the only one I can think of too.

**Mr Patten:** St Anthony's.

**Mr Guzzo:** St Anthony's Church.

**The Chair:** Thank you, Mr Guzzo. Mr Crozier.

**Mr Crozier:** Welcome to the committee meeting, Mr Bagnell. I was interested by your quote of the executive director of the Canadian Foundation on Compulsive Gambling when you said he stated his views on the allocation of funds from video lotteries to help solve problem gambling as a — there's a three-word quote — "very important step." I suggest that Tibor Barsony, whom you were quoting, has had many more quotes. It would be a little like if I quoted Ernie Eves when he challenged the NDP on its introduction of casino gambling. There's a quote that I could use, "The Royal Canadian Mounted Police and the Ontario Provincial Police would be in favour of introducing casino gambling in Ontario." It means nothing unless you contain the whole quote, which says, "Are you suggesting," and put a question mark after it.

I just wanted to say that three words out of a quote of Mr Barsony is unfair to the position that he holds. The addiction research people have to be very careful about being critical of something the government does when they're going to receive \$9 million from them. They're very thankful for the \$9 million. It may be only a drop in the bucket, it's suggested that it's 2% at this stage of the game but I suggest it'll be far less than that as a percentage if they hold to just the \$9 million.

Mr Barsony has said he "sees North America, particularly its young people, as perfectly suited — and susceptible — to the fast, computer-driven pace of video lottery terminals. The VLT is one of the most addictive forms of gambling — addictive because it is fast, addictive because it provides instant gratification, addictive because it is paced for the modern way of thinking of younger people, of computerized gambling instead of dealing cards or throwing the dice."

Do you have any comment with respect to that? Does that concern you?

**Mr Bagnell:** No. We are not concerned about that because there's already the level of machines in Ontario, but they're running illegally and underground. The fact is that the government is going to put into place a circuit and legislation and enforcement that will control these, bring it above ground where the problem can be dealt, with and address some of the financial issues by allocating 2% of the revenues towards solving the problem. This is not a problem that Canada, Ontario, Metro Toronto, Queen's Park are going to solve. It's an international problem, and I think if we all work together we'll get a lot more from it.

1410

**Mr Patten:** Mr Bagnell, it's good to see you again. There's been a fair debate — you've introduced it and



other members have introduced it — about this so-called tremendous wash of resources that goes to the other side of the river because of the casino. However, in discussions with some of your colleagues and members of the board it's not totally one way; there are some benefits to the region, there are some benefits to Ottawa that I have not heard identified at these particular hearings. My question is: While there is a loss, yes, and maybe it is overwhelming, what are some of the positive aspects for Ottawa of the casino being at least in the region?

**Mr Bagnell:** I think the hotel night situation has been improved for the most part, especially in the downtown core. As a spinoff of that, obviously when you have people staying in the hotels, the hospitality industry and the restaurant industry tend to grow in those direct areas within the hotels or within, say, a block or so of that situation. That being said, we also know there is a problem in terms of language barrier that is existent and we feel very strongly, in all the research we have done in this region, that we could attract a heck of a lot more American tourists and Americans who wish to participate in gaming to Ottawa-Carleton because English is the first language. We could provide a better service for them, therefore attract the American dollars which, as we all know, is the basis of the North American economy.

**Mr Kormos:** Your position is consistent with similar organizations to yours across the province. I've never been to the Hull casino. You talk about the economic benefits. I was there —

**Mr Patten:** Before today.

**Mr Kormos:** Before today. I've been to other casinos. I've been to the casino development and watched it not blossom but just explode over the years along the Biloxi strip in the gulf in Mississippi. I've seen the developments in Louisiana and northern Mississippi. Seeing the Hull casino today, and you talk about the economic benefits — again I haven't seen any of the data — it strikes me as being in a very similar position to the city of Hull as the Windsor casino is to the city of Windsor. That's no dispute with the fact that casinos provide X number of jobs — I agree they have to staff them — but at the end of the day, just as for downtown Windsor, one report by the Ontario Restaurant Association and yet one more by one of the consulting firms indicate that the economic impact on the community has been, to say the least, disappointing. I question the same about Hull, Quebec.

I understand, and I can see staff working in there, so obviously there are people with jobs in there, but just noting its location, and I'm not overly familiar with the city of Hull, I didn't see where downtown Hull was in relationship to the casino. There wasn't anything about the casino that would say, "Now you're at the casino. In the next hour we want to see you in downtown Hull buying food," because, and I didn't see it, apparently the casino has restaurants; it's got the whole nine yards. What's the economic development factor? As I say, I really question — casinos, by the advocates of them, are being painted as a panacea for the economic ills of all of Ontario, certainly for Windsor. Tell me about Hull and what impact it's had on the community.

**Mr Bagnell:** I'm sorry, I can't do that. I'm not the president of the chambre de commerce et d'industrie de

l'Outaouais, but I can tell you from countless amounts of research we have done in Louisiana and New Jersey, more specifically in Windsor. I think the best way to illustrate the economic benefit is by a member of the Windsor Chamber of Commerce who had his story published in their monthly newsletter. He ran a shoe repair shop about 600 feet from the front door of the Windsor casino and didn't realize how he would benefit from that and thought it was going to hurt his business. One day he said, "I walked through the parking lot of the Windsor casino and took note of all the licence plates that were there from Ohio." He found out where they were from and took out newspaper ads in the county papers from that area saying, "Get your shoes repaired while you wait and I'll provide you with a free set of slippers while you go to the Windsor casino." He's tripled his business. He now employs six people.

**Mr Kormos:** That lends something to the old crap shooter's lament: "Baby needs new shoes. Roll me a seven."

**Mr Bagnell:** I've never heard that one.

**Mr Kormos:** You've never heard that one? You're too young. I question that because I appreciate what you're telling us about the shoemaker and his innovativeness, but the Ontario Restaurant Association expressed real concern.

**Mr Bagnell:** If the entrepreneurs involved in businesses that are within the walking and catchment area for any casino take advantage of it, as they have done in certain episodes in Windsor, to enhance their operations, they will do very well as the fruits of the casino. We anticipate in this region that when the referendum the honourable member has talked about next November is overwhelmingly passed in Ottawa-Carleton and we start on a casino, we will be bringing a lot of US\$1.38 up here, which will stay in our economy and provide benefits for Ottawa-Carleton and the rest of Ontario.

**Mr Kormos:** With the grey slots, some 20,000 to 25,000 of them — they're in the very locations, hotels, restaurants, beverage rooms, licensed places that now want to be hosts of slot machines — if they've been there, all 20,000 of them, and people have been playing them and in those cases the host gets, I'm told, 40% to 50% of the gross amount bet rather than a mere 10% or whatever is proposed in this scheme, why haven't those illegals already provided the economic boost that the hotel-motel-tavern industry says it needs, to wit, justifying the demand for legal slots? If you've got 20,000 illegal ones, they're getting an even bigger piece of the action. They say they need the slots to give them the economic boost, but they're only going to get a tiny piece of the gross amount bet, so why aren't they enjoying the benefits from the illegal slots? I don't understand that.

**Mr Bagnell:** First of all by definition, if they're illegal, they probably have something to do with certain portions of our society which we don't want to have anything to do with. Those of us who are law-abiding citizens would rather see it controlled by our elected government and the net revenues more appropriately distributed in the province in the way that our government, which is the representative of the people, deems necessary, not by an underground industry.

**Mr Kormos:** It still doesn't address the issue that they're there. These restaurateurs say: "We don't want to run illegal slots. We need legitimate slots for the economic boost." But then why weren't the illegal slots the economic boost that they say they haven't enjoyed yet?

**Mr Bagnell:** Perhaps because the apportionment of the revenues from it was not appropriate.

**Mr Kormos:** I'm told it's 50-50, which is far more than the government is going to give people on the legals.

**Mr Bagnell:** That's what I said: Perhaps it wasn't appropriate.

**Mr Kormos:** Which is far more than they're going to get.

**Mr Bagnell:** Perhaps it wasn't appropriate.

**Mr Kormos:** They should be flourishing.

**The Chair:** Mr Bagnell, thank you very much for attending and making an excellent presentation on behalf of the board of trade.

#### IRON HORSE SALOON WHISKEY WILLY'S RESTAURANT

**The Chair:** Our next presentation is the Iron Horse Saloon, John Patrick, president. Good afternoon, Mr Patrick. I see you're accompanied by someone. I'd ask you to identify that person for the purposes of Hansard.

**Mr John Patrick:** Yes, I'll do that. With me is Mr Brian Coghlan, who has operated restaurants and bar facilities in the Kingston area for several years. He is a past president, I believe, of the Ontario Restaurant Association as well. He will start off the presentation if that's okay, Mr Chairman.

**The Chair:** That's fine. Please proceed.

**Mr Brian Coghlan:** Good afternoon, Mr Chair and members of the committee. My name is Brian Coghlan. I'm with the Ontario Restaurant Association and I own and operate a hospitality location in Kingston called Whiskey Willy's Restaurant. I'd like to take this opportunity to thank the committee members for permitting us the opportunity to appear today.

Our operation in Kingston is a 276, family-style operation. We've been in business now three years. So far we've been keeping our heads above water and are hoping that this will continue for the next five to 10 years anyway. We employ over 48 people in our industry, of which probably 10% are part-time employees. We're located in the west end of Kingston. As you know, Kingston is a very tourist-oriented city, and we rely on a lot of the tourism dollars that come into the city.

Let me begin by saying that we are in full support of the government's initiative to introduce video lottery terminals in Ontario's licensed hospitality establishments, as we believe that it will provide the hospitality industry with some renewed hope for growth in the future. As I am sure you are well aware, Ontario's hospitality industry is one of the province's largest and most important industries. However, in recent years the industry has been hit hard not only by the recession but also by cumbersome and burdensome regulatory red tape. We are now just beginning to see some of the damage being undone with such initiatives as the elimination of the employer

health tax on the first \$400,000 of payroll, the elimination of the corporate filing fee and the introduction of extended hours for restaurants and bars. Again, let me state that we are in full support of these government initiatives, but they are only the beginning; more are required.

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As I indicated earlier, the hospitality industry has been hard hit by the recession, and as a result the hospitality industry must now find new and inventive ways to attract customers back into our establishments. The introduction of the VLTs is an important tool in attracting customers back into our industry and keeping them there.

It is no secret that restaurant operators are in the business to make money. This is not a crime. In recent years, many restaurants have not been as profitable as they could be. The introduction of the terminals in licensed establishments is essential in assisting operators in attracting new and old customers. The marketplace is demanding added entertainment value, and as operators of hospitality establishments, we should be able to meet that request legally.

With the introduction of video lottery terminals into licensed and age-controlled establishments, our customer base will undoubtedly grow, with people being attracted to our locations because of the terminals and people remaining longer in our establishments to play the VLTs.

We are confident that while these customers are in our establishment, our food and beverage sales will grow, as these customers will purchase more alcoholic and non-alcoholic beverages as well as food. Eventually, this increase in traffic flow and sales will undoubtedly translate into additional job creation within the hospitality industry.

On a recent trip out to Alberta, I visited a couple of establishments that reported that the VLTs in their operations added anywhere as much as a 25% increase in food sales, which we would love to see in our operations.

VLTs have become an acceptable form of our adult entertainment. Studies conducted by Brandon University, indicate that video lottery terminals and players see video gaming as part of an evening's entertainment. It is often planned as part of going out and enhances part of their budget planning process. In our operations, we have people who travel to Quebec quite often and ask us why we haven't been able to bring VLTs into our operations.

I'll let John speak about the grey machines.

**Mr Patrick:** From the conversation that had started when we came through the room doors, I believe the grey machines were probably talked about to some extent. With all due respect to the committee, I don't wish to tie up your time repeating matters that have already been suggested. It is, however, a concern of ours that some illegal situations are arising. It is putting pressure on the rest of us, because between the illegal operations and the adjoining provinces which are already licensed, we feel we are somewhat at a disadvantage. The playing field is certainly not level at this point.

In my operation in Kingston, I employ about 50 people. It's called the Iron Horse Saloon. We see the increase to be probably five to six people if this is introduced. It will keep people around. It's not strictly the



amount that will be spent gambling but rather the effect the spinoff will have with people staying for food and drinks, as Brian has mentioned.

The city of Kingston, if any of you are familiar with it, is a fairly active tourist area. We survive mainly, in some months of the year, on tourists. We feel also that the tourists coming through would stay longer if we had something that would entertain them. It may help us increase our tourism as a destination point and not just as a meal place. In having it as a destination point, there are all kinds of spinoffs which I'm sure you're aware of. It is in this area that we would like to increase our volume.

We've also found that from an employment standpoint, we feel if there are VLTs coming in, it will increase our employment, but it will also increase the employment of several other businesses in the area due to the spinoff effect.

Speaking for myself, I was involved in the industry for eight years with another establishment. Some of the years were quite successful. I got out of the field for two years and re-entered it recently, approximately 14 months ago. Right now the dollars seem to be much harder to come by than they were between 1984 and 1990. With the government cutbacks and the job situation, Kingston has a fairly large government payroll and we're feeling it quite extensively there right now, more so than we ever have.

I'd ask the committee that you please consider the facts presented by Brian and myself. We definitely feel there would be significant benefits in the granting of VLTs for the Kingston area and the province of Ontario.

**Mr Crozier:** Good afternoon, gentlemen. I probably won't take five minutes trying to convince you that I don't feel video lottery terminals are the answer to your concerns, although I acknowledge you have legitimate concerns because others in your business across this province have relayed the same sentiment. I was interested, though, Mr Coghlan: You said you have a family restaurant, with how many places?

**Mr Coghlan:** Two hundred and seventy-six seats.

**Mr Crozier:** It's a family restaurant, so you've built your business on the family atmosphere.

**Mr Coghlan:** I have.

**Mr Crozier:** How will VLTs be introduced to your business, if you're one of the selected places to receive them? How will it affect your business, being a family business?

**Mr Coghlan:** I believe that coming to our place is part of an evening's entertainment package. I've noticed a couple of places out west that the family situation fit in quite well. Mom and dad went over to the slot machines. There was a small games room set up for the children which was separate from it. We have a separate bar from the rest of our restaurant operation.

**Mr Crozier:** That's the way to treat the family, you put mom and pop in the big gambling area and you provide some sort of supervision for the kids in another area?

**Mr Coghlan:** That would be their choice.

**Mr Crozier:** I realize it's their choice, but you've built your business on being a family restaurant. I just wonder, if my children were small, whether I would be encour-

aged to attend your restaurant any more or not. I'm trying to get a sense of that.

**Mr Coghlan:** We've had several customers of our restaurant approach us about the VLTs, and I don't think that would interfere with the operation as far as the family-style operation goes at all.

**Mr Crozier:** Okay. I appreciate that point of view. I have difficulty combining the words "family" and "gambling," that's all. Have you also heard from the experience in Alberta — we hear a variety of stories; many of them are anecdotal — that they have found that there's less money spent on food and beverage and more on gambling?

**Mr Coghlan:** Not to the operators I've talked to.

**Mr Crozier:** That's good, because there are published reports in the newspaper — when I say "anecdotal," because it's in the media doesn't mean it's always right, but there are certainly some in Alberta who have found there is this cannibalization from their food and beverage side over to the VLT side and I think that's something we should all consider as well.

1430

**Mr Tim Hudak (Niagara South):** Thank you, gentlemen, for your presentation. Let's follow up on Mr Crozier's questions. I presume that you've done some inquiries into this issue, that you've investigated the impact of video lotteries on your types of business. What has been the experience, then, could you reinforce that, in Alberta or from your own information? Is this going to create jobs in the Ottawa area or is it just this going to be money split up in your restaurant?

**Mr Coghlan:** I personally feel it would create jobs.

**Mr Hudak:** How does it do that? Mr Crozier's argument probably would be that instead of spending \$10 on a meal, they'd spend \$8 on a meal and \$2 on a machine. Would you argue that they would spend more money in the restaurant in total?

**Mr Coghlan:** I think it offers the consumer out there a choice of a different venue. It's going to give us more dollars, hopefully, coming into our operation to afford the food end of it. We think we would increase our sales.

**Mr Hudak:** What does that mean if you increase your sales, gentlemen, because of video lotteries, in terms of employment, in terms of investment in your business or in this sector in general?

**Mr Coghlan:** At today's bottom-line rates, it means we might stay in business a little longer.

**Mr Hudak:** In terms of the other things the government has helped out with in your sector, like the corporate filing fee, like the employer health tax and scrapping that, all part of a package to help out small businesses, as part of the package is this going to help out your business, do you think, in the long run?

**Mr Coghlan:** Yes.

**Mr Hudak:** Let me ask you this too: In terms of job creation, you certainly seem to feel strongly that jobs will be created from the video lottery bill, Bill 75. What kinds of jobs are created?

**Mr Coghlan:** I think they'll create jobs as our sales increase in the different areas. We'll be able to hire more staff.

**Mr Hudak:** When we were in Toronto, they spoke about port of entry type jobs. What does that term mean, or what kind of individuals will be helped out through this bill?

**Mr Coghlan:** We hire part-time students who are just job-entry people — waiters and waitresses.

**Mr Hudak:** In terms of people who are unemployed, maybe, or people coming out of school, this is a hand up to help them get up the ladder of success.

**Mr Coghlan:** Yes.

**Mr Hudak:** Then, with experience, perhaps move on to even better jobs in the future.

**Mr Coghlan:** Right.

**Mr Hudak:** Perhaps you could answer this question too, in terms of the type of customer you expect. Is there a different kind of customer in terms of the video lottery at the racetrack or the casino customer and the kind of customer who would frequent your establishment and play the terminal a few bucks here and there? Do you expect the hard-core gamblers to come into your restaurant and gamble?

**Mr Coghlan:** I would not think so.

**Mr Hudak:** So video lotteries are more of a social environment played among friends?

**Mr Coghlan:** Right.

**Mr Hudak:** I think that's been the experience in Alberta. We mentioned the Gfellner study, where it was usually played in a social environment among friends. I think the average age was 25 to 44, middle income and up.

**Mr Coghlan:** I would agree with that.

**Mr Hudak:** I'll pass my time to Mr Guzzo.

**Mr Guzzo:** I want to touch on the grey machines in the Kingston area. In Ottawa, we know they're supplied from the province of Quebec and we know the money goes over there. We don't know how they're programmed; we don't know what percentage they pay out. In Toronto, it seems they come from Buffalo. In the north, we were told that some Americans and foreign reserves supplied some of them. In Kingston, where are they coming from and where is the money going?

**Mr Patrick:** You'd have to speak to the Ontario Restaurant Association or some people who are more informed than myself. I have a hard enough time trying to keep my own operation going.

**Mr Guzzo:** You mean nobody's tried to have you put one or two of those grey machines in your operation on Princess Street?

**Mr Patrick:** At this point, no, but we've only been open a year.

**The Chair:** Gentlemen, I thank you very much for your presentation.

#### DIAMOND GAMING SERVICES INC

**The Chair:** Our next presentation will be made by Diamond Gaming Services Inc, Mr Jack Edmondson, president. Good afternoon, Mr Edmondson.

**Mr Jack Edmondson:** Good afternoon. I am accompanied by two people today. Rob Hewitt is representing some of the Ottawa-Carleton charities. He is at present forming a new association of charity casino participants

in the Ottawa area. Matt Sagle is a vice-president of Diamond Casino and a lawyer with some background in gaming law.

In 1993 Diamond Casino made a presentation to another standing committee. It was the committee, I believe, on Bill 8, which at that time was collecting viewpoints on commercial casinos for Ontario and the Ontario Casino Corporation Act. Our position at that time was that permanent charity gaming halls were the way to go. It is gratifying to us that this government has seen the value of this approach. We welcome the evolution of charity gaming.

In October 1995 we made a strong presentation to a subcommittee of Ottawa city council on the potential catastrophic economic impact of another commercial casino given the existence of the Hull casino. We pointed out the necessity of recycling local dollars through the casino and back to the local economy when the casinos cannot obtain their gaming win from across a border. Ottawa council recognized the care that must be exercised in selecting gaming options by passing a unique pro-casino resolution that emphasized the need to maximize the local recycling of gaming dollars. The exact wording is attached as appendix B to this presentation.

We have been a major roving charity casino fundraiser in eastern Ontario since the passing of the Ontario Gaming Control Act and we have developed some points of view that we want to share with this committee. The decisions on gaming that will be made in the next several months will have a profound economic and social impact on the citizens of Ontario for years to come.

In the last few weeks we've have watched several hours of proceedings of this committee on television. Just about everything that can be said about VLTs has been said, in many cases several times. Our presentation will therefore focus on gaming and charities in the local context. Our position on a rational criteria for locating VLTs is included as appendix A to this presentation.

In the May 7 budget speech the government promised that charitable organizations would receive up to \$180 million more a year. Further, the government would replace three-day roving charity events. This measure is expected to result in up to \$80 million in extra revenue being made available to Ontario's local and community charities each year. While this may not be quite enough for charity representatives to kiss Mike Harris's feet the next time they see him, it comes close; it's a good move. Given the difficult public sector financial climate, for a government to voluntarily divert this much money to the private sector is an act that earns our respect and admiration.

Our key concern is that the promise of additional revenues may not be met. There are many different forms of legal gaming, existing and proposed. We have bingos, break-open tickets, various lotteries, government book-making, horse racing, commercial casinos, permanent charity gaming halls and VLTs proposed in various different locations.

There are very strong substitution effects among these gaming alternatives. We believe that VLTs and charity gaming halls and the new commercial casinos in Niagara Falls and Orillia will all significantly reduce bingo and



break-open ticket revenues, the traditional mainstays of the charities and community support groups. The trouble is that no one, as far as we know, has seen fit to contract for the construction of an econometric model which can predict the financial cross-impacts of all these various forms of gaming. There is therefore considerable danger that promised increases in charitable funding may not occur. Many of the answers this committee seeks can only be determined by quantitative management science techniques, and funds need to be budgeted for this purpose.

Currently, Diamond Casino runs two three-day roving charity casino events in the Ottawa area. This means that our ability to provide service to all charities that want casino fund-raising is extremely limited. We are booked six months in advance, and it would be further if we accepted requests. In western Canada, charities can participate only one day per year, with participation depending on a lottery for a time slot. As you can see, there is a potential problem in providing equitable, democratic access to charity gaming hall revenues by the thousands of Ontario charities and community groups that want access to these funds. This access problem needs to be addressed before the first charity gaming hall door is opened.

1440

What do we want in Ottawa-Carleton? There are politically and economically powerful people who are still pushing behind the scenes for a commercial casino for Ottawa. This is a bad idea and it's kept alive by ignoring the existence of the Hull casino, misconceptions of gaming economics and a lack of awareness of the potential role of permanent charity gaming halls in the Ottawa region.

One of the primary policy objectives of the previous government for casinos in Ontario was tourism development. There is no doubt that this objective is being well met by the Hull casino, which has been strategically located for easy access from downtown Ottawa. The other major policy objectives for casinos were job creation, economic development and taxes for the province. These have not been met locally, primarily because these benefits have been retained on the Quebec side of the provincial border, which is a completely reasonable result that one would expect.

The Ottawa Market and Economic Impact Analysis, a consultants' report that was prepared in June 1995, indicates that for practical purposes the Hull casino meets all the market demand in this area. The Hull casino is currently experiencing visitation, according to the papers, of 9,700 per day versus the rate predicted in the study of 8,000 per day, and it will no doubt produce annual gaming revenues around \$300 million in this first year of operation. For various reasons beyond the scope of this paper, we expect this to stabilize in a few years at around \$200 million per year. About 70% of this money originates in Ontario and could be recaptured by the strategic location of either three permanent charity gaming halls or a large commercial casino in the area.

What is the difference between a permanent charity gaming hall and a commercial casino? To the gambler, absolutely nothing. To the citizens and charities of

Ontario, the difference is huge. The difference is in who gets the money. Instead of all the profits in win taxes, which we estimate to be about \$20 million a year, going to Queen's Park, the lion's share of this pre-tax profit, if it's done through charity gaming halls, will be distributed in the local community where the money was taken from in the first place. This is very significant when you compare this amount to the \$12.5 million that our Ottawa-Carleton United Way campaign raised last year.

There's another major difference that has to be considered, and that is the risk to taxpayers. While companies like Carnival and Hollywood tempt us with \$100-million casinos, the fact is that only the taxpayer, through the Ontario Casino Corp, may own a commercial casino in Ontario. If the casino is not successful, the burden of keeping the white elephant alive falls on — guess who — the taxpayer. The smaller, much less expensive charity gaming hall, with the bricks and mortar owned by the private sector, presents the taxpayer with significantly less risk and more money recycled locally. Lest anyone think that insolvency is rare, take a walk down the Las Vegas strip, where one in three casinos has been in bankruptcy at one time or another. That's the reality.

They say that those who do not know history are doomed to repeat the past. Back in the 1800s, a syndicate out of Monte Carlo established a casino in Bavaria; I think it was near Bad Homburg. It was very successful, and in a matter of months it vacuumed up just about all the local money that was available. It came very close to bankrupting the kingdom, so the king, Franz Josef, I guess it was at the time, passed a law saying only foreigners would be allowed access to the casino from then on.

In a market like Ottawa-Carleton, the impact of a casino is huge. Unlike Windsor, we do not have a seven-million-strong Detroit market to generate our win here. Instead, across our border we have a province with its own commercial casino standing right on our doorstep. This is the major reason that what suits Windsor does not suit the Ottawa region well. Our choice is that we can have up to three charity gaming halls or we can have one commercial casino. The market will not support both.

Our alternative scenario of charity gaming halls in Ottawa and Nepean and Gloucester will create the same number of jobs as a commercial casino. In terms of economic development policy objectives, the retention of a much larger share of gaming win in the Ottawa region is clearly superior to a commercial casino. Charity gaming halls are much better suited to maintaining the economic health of our community, and in fact any community in Ontario that doesn't border up on a major metropolitan American population.

This government has said, "Promoting and encouraging both the spirit and commitment of volunteers is a high priority for our government." For all these reasons we strongly support Bill 75 and the permanent charity gaming halls they represent.

In closing, we would like to publicly thank the Ottawa city council for having the intestinal fortitude and the foresight to tell the province that yes, we want casinos, but we want casinos that match the economic realities of the Ottawa region. Diamond Gaming too wants to see this

committee recommend charity gaming halls for the Ottawa region.

**Mr Flaherty:** Thank you, gentlemen, for your presentation. I'll start at the end of it where you indicate that you'd like to see this committee recommend charity gaming halls for the Ottawa region. That's not one of our functions under Bill 75, but I appreciate the input, and certainly that'll be noted because we're moving to the implementation phase after this legislation likely becomes law, amended or unamended, however it goes. One of the very important points that needs to be addressed around the province, of course, is how many charity gaming halls, where are they to be located, and then which charities and all the ancillary questions that go with that. Thank you for your presentation in that regard.

With respect to the Hull casino and the Windsor comparison that you were drawing, I have heard people advocate for a casino in eastern Ontario. I gather you don't share that point of view.

**Mr Edmondson:** No, I think the economic impact study said it all. The Hull casino, if you look at it in isolation, is big enough all by its little lonesome to satisfy all the economic demand for casinos in this area.

**Mr Flaherty:** One of the presenters before you mentioned that a casino might have some tourism attraction here for American tourists. Has that been looked at also?

**Mr Edmondson:** I think the Hull casino is doing a very good job of that for the Ottawa region. The major tourist and convention-type hotels and restaurants in downtown Ottawa, as Mr Bagnell before me said, are getting the benefits directly from the Hull casino.

**Mr Flaherty:** We have your points. Thank you very much for the submission.

**Mr Patten:** Thank you, Mr Edmondson, for your presentation. It's an interesting one. It diverts a little bit from some of the other presentations that have been made so far today.

I'm curious; I gather what you're really saying is that with a giant casino in the area, the risk of trying to set up another huge casino of that size is that you could destroy both or significantly compete. Would you see any ways in this region where we could strengthen the benefits? If we didn't have Ontario and Quebec and we had, let's say, a national capital region — I'm not proposing this, by the way, but some people would, and it's a logical region — and we said: "We're concerned about this whole area. There's some interfacing between the two. We heard some benefits on this side of the river by the Hull casino, but obviously there's a lot of money from Ontario going across the river," if I understand you correctly, you're saying there probably is some room for some smaller versions, charity casino possibilities, organizations. I think that's the term you used, is it?

**Mr Edmondson:** Mm-hmm.

**Mr Patten:** That this can retain an element of, say, tourists who are here already and that you may not be directly competing, but able to retain some of that tourist flow. Do I have the spirit of what you're suggesting?

**Mr Edmondson:** My concern is that, as I pointed out, the tourism component of the policy objectives was met, but I've talked to some economic research firms in town

and the rule of thumb they have is that each \$50,000 of casino win represents one job. I think it's simple arithmetic to say 70% of \$200 million is \$140 million. That means the equivalent of 2,800 jobs are missing from Ottawa-Carleton; they're going across the river. That's huge in comparison to the net return to the few hotels and restaurants that benefit from the Hull casino. Does that answer your question?

**The Vice-Chair (Mr Ron Johnson):** Thank you. I'm sorry, we are out of time. On behalf of the committee, I would like to thank the three of you for the presentation.  
1450

#### ROYAL BROCK HOTEL, SPA AND SPORTS CLUB

**The Vice-Chair:** The next presenter will be Mr Garry Becker, president of the Royal Brock Hotel, Spa and Sports Club. Good afternoon, Mr Becker. You have 20 minutes for your presentation and you may wish to leave some time for questions from committee members at the end. You can begin any time.

**Mr Garry Becker:** Owning a small hotel in eastern Ontario, we don't get into these type of formal surroundings too often. We might have a tendency to all sit around a small table and talk about things up in Merrickville or somewhere like that.

My name is Garry Becker. I am the owner-manager of the Royal Brock Hotel, Spa and Sports Club in Brockville. We are a multifaceted hotel encompassing four acres with a 96,000-square-foot building, 72 bedrooms, one of Canada's finest and most award-winning restaurants plus coffee shop and six meeting and banquet rooms. We have one small live entertainment lounge, a large discotheque, we have a 15,000-square-foot spa and sports club with 800 local members, and a gift shop. We are the last full-service hotel between Montreal and Toronto on the 401. We're the only hotel today where you can get bellmen at your door, doormen and that type of thing, just like in downtown Toronto or in downtown Ottawa.

Additionally I've been involved with tourism in Ontario for over 25 years, initially in Brantford as a founding member of the Brantford and District Visitor and Convention Bureau, and a member of Festival Country on their board of directors. In 1984 I purchased a very run-down Skyline Hotel in Brockville and rebuilt it. As well, at that time the OTAP for eastern Ontario — which was named EOTA at the time, Eastern Ontario Travel Association — was on the verge of bankruptcy, and even our city of Brockville's tourism marketing board's budget at that time was \$1,200. I was very heavily involved with rebuilding that, and I was chairman of EOTA for a number of years as well as chairman of the Brockville tourism board, which now has a budget of about \$180,000.

This afternoon I'm not going to speak about national or provincial matters. I believe others will do that much better than I. I'm not the type of person who can sit down and come up to you with masses of statistics and studies and everything else, but I'd like to focus on some reality for us. This is the type of thing when the bank manager calls and says, "By the way, you'd better



transfer some money, otherwise your payroll isn't covered."

In 1990 I employed 137 people with 90 full-time. Today I employ 120 people with fewer than 60 full-time. Of course, everybody immediately assumes all this was due to the recession and its effects. Although the effects of the recession have been horrendous, they do not tell the whole story. Many of the problems small hotels like mine are dealing with have as much to do with the terrible decisions of the last two governments and not allowing us to keep up with the times.

Ontario for many years had different classifications of liquor licences, with various privileges and restrictions attached to each. Only hotels and taverns could have lounges that did not serve food, a distinction and privilege given to assist the small hospitality operators in areas like eastern and northern Ontario to survive the winter months with their lack of room revenue. All restaurants etc in Ontario had to maintain food sales equal at least to their beverage alcohol sales. The Liberal government removed that distinction. In our particular case our discotheque, which was providing us with \$600,000 in revenues over the winter, saw revenues reduced by very unfair competition, now that restaurants all got into it with much lower overheads and taxation to less than \$150,000. This was very real money. Today, because of this and poor planning in the liquor areas of the last two governments, we have a major mess in our liquor industry. We have power hours — that's a new word for happy hour — and every other kind of thing. You can buy beer in our area on many nights for 95 cents per bottle, which is below the cost with taxes.

This decision, with the recession in our area, led to three bankruptcies among my five competitors. We are severely wounded as an industry. If anybody wants the statistics of bankruptcies of hotels in Ontario, you won't believe them. We don't have money for renovations; we don't have money to properly market our property on the international markets. Additionally, there is absolutely no financing money available for hotels in Ontario. If you phone any bank, any trust company, any insurance company, anything that gives out mortgages and say the word "hotel," you have no idea how quickly they get rid of you. It's just an absolute no.

You have to compare this to out west, which has VLTs, and they're booming. They have all kinds of dollars for renovations; they have dollars for marketing. They have some of the most active tourism marketing programs going. This revenue stream, with every operator I've talked to out west, comes from VLTs. I believe they get an average of about 20% per machine, but this has provided those real funds for them and the programs are strong.

Out of interest, our program, our tourism marketing in Ontario over the last few years has gone down to below Bermuda's, and this is in a province that was one of the largest tourist destinations in the world 25 years ago. We're now down to below Bermuda for the whole province; the Prairies are beating us. VLTs are today's style of entertainment. This has also been proven in the Prairies. VLTs have brought local people back into the

hospitality establishments, enhancing food and beverage revenues.

Experience across the country has shown that when the location of the machines has been controlled, there have been very few problems. In the case of hotel lounges we have the ability to control access, and you would help restore the lodging sector and make it viable again. I do not believe there should be caps on the number of units per lounge. Instead, limits should be based on the provider's square footage, with some flexibility for the design of the facility. For example, my Caroline's Lounge or my discotheque downstairs would be ideal opportunities or locations for 30 to 40 machines, yet my Pirates Cove Lounge or my dining room would not be opportune for any of them because of different styles of clientele.

I get really upset with the doom-sayers proclaiming that VLTs are going to create massive problems. For the last 12 years I've made presentations to various Liberal and NDP cabinet ministers concerning later closing hours for bars. I stated it would decrease problems because today's youth begin partying later. Many clubs around the world do not even open until 11 pm or midnight and in many centres close at 3 or 4 am. With our 1 am closing we saw patrons drink and drive either to a house party, or in many cases across the Ontario-Quebec border to Hull, or in my case across the Ontario-New York state border to Ogdensburg.

Finally a government listened, and I believe I and our industry have been proven correct. Late-night cross-border traffic has been virtually eliminated. There is no longer a big rush for last call. People come and go. Drinking and driving has been reduced. There's no longer a perceived need to carry an extra case of beer in the car for a later house party. People can finish the social part of the evening in a supervised environment and take a cab home or use a designated driver. Even my parking lot is much quieter. The 2 am closing has worked, and I believe it will be the same with VLTs. When you give people what they want provided with the environment, it's a lot easier. At 1 o'clock in the morning up until the change, on Thursday, Friday and Saturday nights my parking lot used to be a zoo because everybody came out of the bar together, and then you had the problems of the noise and everything else. With the new 2 o'clock closing that's all gone now. People leave when they feel with it; there's no pressure and there are no great crowds and it's really neat.

I realize that the people objecting to this new form of entertainment are well-intentioned. However, this decision is not going to lead to increased gambling addiction problems. There is a great deal of gambling in Ontario already, there are casinos just across the border as well as thousands of illegal VLTs and that type of thing. We're not talking about something new. I've been offered by several different people to put these grey machines into my lounge and I've refused, because I won't break the law. We're just not about that. What we are talking about is modern entertainment that the public wants rather than gambling.

I can remember 24 years ago applying for my first liquor licence for a Chinese restaurant in southern Ontario. I had to deal with numerous objections from

various groups indicating that the granting of my liquor licence would lead to increased lewd and lascivious living, and that was one of the objections 25 years ago to a liquor licence. Obviously the objectors were proven totally wrong, and I am confident we are dealing with the same scenario here. I believe time will prove that this will be a very wise decision that will restore jobs in Ontario's hospitality sector. In my case the installation of VLTs could well add 30 jobs to my establishment, and across the province I've heard numbers of up to 100,000 jobs; more importantly, lower-skilled jobs that address the unemployment problem for some of our youth and welfare recipients.

1500

Mr Chairman, I thank you for the opportunity to speak today. I believe strongly in what your government is doing. Clearly your government is putting Ontario on the correct path, a path which will again make us Canada's financial powerhouse, returning us to the Ontario of the past when everyone believed that this province was the province of opportunity for all. I urge that this legislation be passed and video terminals installed as soon as possible.

**Mr Hudak:** Thank you, Mr Becker, for your presentation. I regret that I haven't seen your establishment, but by the history you give in your first couple of paragraphs it sounds like an excellent place that you built up, and then, through what you term misguided government policies, you've seen pieces taken away.

**Mr Becker:** We've been hurt badly. We were hurt very badly by some of the policy changes in the last number of years. But that's not just me; our whole industry was hurt. We survived but our whole industry was hurt with some of those changes, some of those policies. Of course, the west had the same situation, their taverns, their hotels in the smaller areas. This doesn't affect downtown Toronto or downtown Ottawa, but the small regions of their province were badly hurt, especially in Manitoba, and they were hurt very badly.

**Mr Hudak:** Manitoba, Saskatchewan and Alberta — eight other provinces have tried video lottery terminals as a route to bring some more customers, some more money back into your establishments and your business.

**Mr Becker:** That's correct.

**Mr Hudak:** Do you think that will be successful in Ontario?

**Mr Becker:** Yes, very. As I said, only one province got into problems, and that was because they put them everywhere. The people who kept them in lounges and kept good restrictions on them have been tremendously successful. I've talked to a number of operators in western Canada over the last few months and they just say, "Thank God."

**Mr Hudak:** There are two problems you present here. You said your employees went down from 137 to 120 and down to 60 full-time. You said that it's next to impossible to get any kind of financing when the bank manager calls.

**Mr Becker:** Totally impossible. There is no major lending institute in Ontario that currently will give a mortgage for a hotel with any sort of financial stability.

**Mr Hudak:** How do you see video lottery terminals addressing those two problems?

**Mr Becker:** Cash flow and bringing back normal gross profits to the industry so the industry doesn't have its horrendous rate. We forget that over 30% of our hotels in Ontario, including the big ones in downtown Toronto, although the public doesn't see it because the name doesn't change — I could name at least four hotels in downtown Toronto that went into receivership in the last three years. In Brockville alone half our hotel-motel stock in the last three or four years has gone into receivership.

**Mr Hudak:** Your establishment looks like a destination in itself: a spa, a sports club, you have fantastic facilities. So obviously your competitors aren't just in the Brockville area. People will be choosing your establishment and comparing it to other ones in the States.

**Mr Becker:** We compete against Lake Placid. We compete against Lake George. We compete against Montreal, against Quebec.

**Mr Hudak:** So in terms of keeping Ontario dollars in Ontario and attracting American dollars or Quebec dollars to Ontario, how helpful is it?

**Mr Becker:** Some 40% of my business is US. This is a tremendous help because this will give me the cash flow to market again and for the renovations.

**Mr Hudak:** How can parents, for example, be assured that youth will not be operating these machines at your establishment?

**Mr Becker:** It's very simple. For 25 years this was never a problem. Taverns and hotels in Ontario had separate lounges, separate entrances, right across the province. They're easy to control. We do it to this day. We have tremendous responsibilities under the liquor act to control the amount of drinking, whether somebody drinks and drives, everything. If anything, this is simply a control of making sure nobody is under age. We have to do that by law.

**Mr Kormos:** I read your submission. Again, what you've told us is what a whole lot of other similar establishments have told us, people in your business. You're in a unique location because of your proximity to the States and to resort areas in the United States and because of your proximity to Quebec. So you've got a double cross-border phenomenon into Quebec and into New York state.

You know where I stand on the slots, that I'm opposed to them.

**Mr Becker:** I've heard that.

**Mr Kormos:** Everything you heard is true. Well, there's one part, but we'll talk about that later. But I don't buy into them.

**Mr Becker:** You're very wrong, Mr Kormos.

**Mr Kormos:** I appreciate you saying that, but you and I disagree on the dangers, about the addictiveness of it.

**Mr Becker:** But, Mr Kormos, that's one thing I've said. I went through that 25 years ago. Applying for a liquor licence, I was accused that I was going to increase lewd and lascivious living. I went through this with the 2 o'clock. I went through with three of your co-workers with a 1 o'clock closing — your ministers. All the things were being said, it was going to increase drunk driving and everything. It doesn't. It's just great actually, because it actually doesn't increase sales very much but it allows people to do their own thing.



When you take away from the public something they want, they get it anyway. Right now we have probably 20,000 grey machines in Ontario. We'll get rid of all those.

**Mr Kormos:** Which leads me to that, the 20,000 grey machines.

**Mr Becker:** Or whatever, I don't know. I've never seen a grey machine. I've been offered them but I said no.

**Mr Kormos:** Because they're not illegal until people pay out. They're perfectly legitimate machines until the bartender or bar owner —

**Mr Becker:** But you have to pay out for anybody to play them.

**Mr Kormos:** But if there's 20,000 of them out there —

**Mr Becker:** Whatever, I don't know.

**Mr Kormos:** The police tell us 15,000 to 25,000, so 20,000 seems to be cutting it pretty fairly down the middle.

**Mr Becker:** I've never personally seen one.

**Mr Kormos:** That's the other remarkable thing, because for there to be 20,000, in some respects, they seem awfully invisible.

**Mr Becker:** With this recession, I've had two weeks off in five years and I work seven days a week, about 80 hours a week, so —

**Mr Kormos:** You aren't out looking for grey slots.

**Mr Becker:** That's right. I'm not out looking for them.

**Mr Kormos:** But if there are 20,000 out there and people are playing them, they've surely been pumping a whole of money into them, and yet we haven't heard anybody suggest that this money's going to be missed. Yet we have been told that by and large these machines — they're not in your place, I'm not suggesting that — but these machines are by and large in licensed premises. That's where they tend to be.

**Mr Becker:** We have two very, very major areas which the liquor board's working — yes, I believe that's correct. People came to me and they said, "We'd like to put these machines in." But for them to be successful, for me to make all kinds of money on them, I have to pay out. I said, "No dice." It's just the same, we have a tremendous amount of illegal liquor right now being sold in the province of Ontario in establishments and —

**The Vice-Chair:** Sorry, Mr Kormos, we have run out of time.

**Mr Becker:** Could I just finish this answer, please?

**The Vice-Chair:** Unfortunately, no, you can't.

**Mr Becker:** That's fine, no problem.

**The Vice-Chair:** We do have to move on. We have a very busy agenda. On behalf of the committee, Mr Becker, I'd like to thank you for your presentation.

**Mr Becker:** Thank you very much.

#### OTTAWA-CARLETON BINGO CHARITY SPONSORS ASSOCIATION

**The Vice-Chair:** The next presenter will be the Ottawa-Carleton Bingo Charity Sponsors Association, J. Donald Riopelle. Good afternoon, sir. You'll have 20 minutes for your presentation and you may wish to leave

some time for questions for the members at the end. You can begin any time.

**Mr Donald Riopelle:** Mr Chairman and committee members, on behalf of the Ottawa-Carleton Bingo Charity Sponsors Association, greetings. We are approximately 300 municipal bingo licensees in Ottawa-Carleton and we appreciate the opportunity to take part in these hearings.

In my associations across the province I have read various briefs already presented and watched presentations on CPaC. Some are supportable and others are not. I would suggest, therefore, that the racetracks and charity casinos be joined by bingo halls as the first venues for video lottery terminals and the experience gained at those venues would dictate any further expansion into neighbourhood bars etc.

As far as the hospitality industry being licensed for VLTs, the industry is very broad and you would have to become more specific and use the experience gained, as previously stated, before licensing.

I guess the crux of my appearance today is contained in the next few lines. A provincial plan is required and the implementation process must be speedily developed and closely supervised when licensing becomes a reality in the matter of who gets what and specifically what the charities get and how it is delivered.

If I may, I'll take a look at how bingo dollars are used. Typically, a charity is licensed for one bingo event per week and thus proceeds are available for disbursement on a weekly basis. Rest assured, those funds are needed on a weekly basis. Gone, with a few exceptions, are the days when lottery moneys could be allowed to build up for long-term, big-ticket items. On the subject of the Trillium fund concept, it would not be in the best interests of municipally licensed or program-type charities which typically lack the clerical and administrative resources of the larger provincial and national charities, to put together grant programs and to go through all of the bureaucratic process that is necessary when dealing with Trillium.

#### 1510

Don't get me wrong; I am not knocking it. Trillium has been very, very good to many, many charities in Ottawa-Carleton. Gateway House is my charity, and my association of alcohol and drug recovery associations has been very well served by Trillium. We're simply saying that large granting agencies won't do what we need them to do, which was to keep the ability to maintain our cash flows as they were over the last few years.

As has been said before and will obviously be said many times in the future, there are social problems resulting from VLT licensing, particularly in a neighbourhood environment. It is obviously part of this government's concern in that you've earmarked certain moneys to help alleviate any problems that occur. My question: Who alleviates the problem and when do they alleviate the problem?

Being a believer in early intervention and recognizing the problem before it becomes a problem, I wonder what in fact is in your minds when it comes to problem gambling and its treatment. This particular thought might be considered as a random effort, but it is based on my experience with alcohol and other drug addictions. Prevention is always much better than after-the-fact treatment.

The next remarks are a direct result of the experiences of the Ottawa-Carleton Bingo Charity Sponsors Association over the past two or three years. They've also been formulated since I drew out my first bingo licence in the city of Ottawa in 1975. I and staff members of our facility, board members, friends, alumni, have every weekend since that time taken part in running a bingo somewhere in the region, and there are many more people like me who put that effort into weekly fund-raising. This capability allowed our facility to ask for and receive no more than one third of our program requirements from government, the balance being raised through gaming — bingo — and through donations and fee for service. I'm sure there are many others like us whose revenue sources are greatly tied into the gaming industry, maybe even from before it was called an industry. What has been in the past few years an unbelievable increase in the number of bingo halls and bingo events in Ottawa-Carleton — and I'd like to address this, because it has happened and it is happening in other regions of the province.

A particular part of this presentation is tied into regulation or the lack of it, which has created a situation in Ottawa-Carleton which is untenable, to say the least, and is diametrically opposed to the philosophy inherent in the law that states that gaming is illegal unless for the benefit of charitable activities of all types.

Having said that, the terms and conditions do the job and the lottery licensing policy manual covers the philosophy of licensing various organizations very well. What I would like to bring to your attention is the fact that there are many who wish, after allowing too many bingos in too many bingo halls to have licences, to bring into the equation of charitable gaming in the private enterprise system market forces dictating the success or failure of the various bingo halls. We now have 100 charities at risk of losing their bingo revenues because of a situation in Ottawa-Carleton.

The philosophy of marketplace has no place in the charitable gaming industry. This is a unique combination of stakeholders. It is apparent in Ottawa-Carleton now that serious problems have occurred, and at the end of 1995 charity revenues were down by 50% or more across the region. Since that time, they have dropped again significantly. A complete and total picture is very well detailed in the regional market study released in February of this year and it is, in my opinion, the definitive study of what not to do to the bingo industry. Copies of those market studies are available to all of you, should you so desire.

Having said all of this, VLTs will create a drop in revenue from break-open ticket sales which now occur in bingo halls under the auspices of the sponsor associations. The downturn in popularity of BOTs is predicted and the VLTs and the bingo halls would make up for this, again another potential loss in revenue to the charities.

We would suggest that you, as a provincial body, as the lawmakers, as legislators, consider a uniform set of regulations applied evenly across the province by a provincial licensing authority and that that authority be placed outside the purview of the municipalities. If this cannot be done, then at the very least regional licensing

bodies must be established. This would be particularly important in regional municipalities such as Ottawa-Carleton, and simple to do since a regional level of government already exists.

It is of the utmost importance to all charities, especially local charities, that you ensure that our experiences in the bingo industry do not occur elsewhere in the gaming industry. Please ensure that regulation is central and common across the province. Local councils should not be involved in the licensing process of the gaming industry in any way, shape or form. They may not be capable of ensuring fairness towards the charities in their own communities. They simply do not know enough about the gaming business to be able to ensure fairness across the board.

I would like to read to you the end page of the market study on the recommendations by the people who put it together. It says:

"The focus for the industry as individual organizations through pertinent associations or through the leadership of the region-wide stakeholders' organization should be to pursue greater charity profitability as the primary goal. All stakeholders will benefit if charities are making money.

"In the broadest terms this focus should incorporate the following considerations:

"Attempt to adjust factors which have a potential negative impact for the industry on the distribution of revenue ratios." That's a very long way of saying have a variable prize board.

"Recognize that protection of the player is the second regulatory priority behind the protection of the charities.

"Provide greater flexibility and encourage opportunities for the development of bingo-related experiences which will attract more players," as in the case of super jackpot, VLTs and all the games that are coming down the pike over the next few years in this burgeoning gaming industry.

Ladies and gentlemen, that's my presentation and I thank you very much for hearing it.

**The Vice-Chair:** Thank you, sir. Moving to questions now, we have three minutes per caucus, starting with the Liberal caucus.

**Mr Patten:** Mr Riopelle, a well-known, famous name in these parts, I found your presentation quite interesting in a couple of aspects. One is it seems you are unequivocal in terms of recommending that the municipality, especially in the regional context like yours, should get out of it; either you have a regional structure or one which is probably superseded by some degree of provincial consistency. I would support you on that because I've seen the favouritism of some small municipalities in the area — they shall be nameless for the moment — that will ignore a regional service. I used to work for the Children's Hospital foundation, as you know, and they would not permit any funds from certain bingos to go to the Children's Hospital because it wasn't located in their municipality. Can you imagine that? Pretty small-minded, it seems to me. So I support you on that.

1520

The other area is, are you suggesting that with the VLTs — I'll be very quick on this because I only have



three minutes. Mr Edmondson from Diamond Gaming Services talked about, "We believe that VLTs and charity gaming halls and the new commercial casinos...will all significantly reduce bingo and break-open ticket revenues." You've just said that without these, unless there's such an impact from the so-called grey VLTs that it's taking away revenue, there already is a decline in revenue for the operators and of course for the charities themselves. How do you see this all working together organizationally?

**Mr Riopelle:** First of all, what I'm saying is that VLTs in the bingo hall would make up, I would suspect, for any loss in revenues in an ordinary break-open ticket. Most of us also have third-party, break-open ticket outlets. As far as the revenues in bingo halls are concerned as they exist now in Ottawa-Carleton, we can't make money at a \$3,500 prize board and there are those who want to jam it to \$5,500. I don't really understand that kind of rationale.

What the VLT providers or manufacturers or whatever organizations say about their operations, it's all conjecture. I think it's a fait accompli that they're coming and to prevent the horror stories that are coming out that this is going to be the crack cocaine of the gaming industry and stuff like that, if you want to prevent that from happening, and I'm speaking as an addictions services person, regulate it. Regulate it properly. Keep it out of the neighbourhoods. Keep it away from the kids. It isn't hard. It's when you get tied up with — as somebody asked me recently, "I'm between a rock and a hard place." Can you imagine somebody who's in the addictions business running an operation that's based one third — 33% or 40% of its revenue base comes out of bingos.

If you look at those of us who are in this business since 1975, that's literally, ladies and gentlemen, every Friday night or Saturday night or every week since 1975, or on a Sunday night, somewhere in the regional municipality of Ottawa-Carleton, Riopelle or one of his staff or friends or alumnus or family was out running a bingo for Gateway House. This goes on all the time. This is what makes the charity concept of gaming so unique, and it works.

**The Vice-Chair:** Mr Riopelle, I'm sorry, I'm going to have to stop you there and move on to the Conservative caucus.

**Mr Riopelle:** I'm just getting wound up.

**Mr Hudak:** Thank you for your presentation, sir. Actually, we got into an interesting topic there talking about the addiction aspect of video lottery terminals, and there are two different views on how to address that. Certainly from the opposition, the NDP, Mr Kormos, and from the Liberal leadership, they've reacted to that and said, "We don't want VLTs anywhere aside from casinos." I disagree.

I come from an area not too different from Ottawa in that we have a very successful gaming industry in bingo. It's the Fort Erie-Port Colborne area, Niagara Peninsula. You might agree with somebody I heard there from the New Port Centre addiction research and treatment facility. They said, "Enough of the hyperbole; let's cut through

the alarmist views and deal with the issue." In fact addiction does exist, but it exists for all kinds of gambling and all kinds of other vices or behaviours, so set aside that 2% and let's try to deal with the addiction. Addictive behaviour means you may play VLTs, you may play dice.

**Mr Riopelle:** You may licence numbers on cars going by.

**Mr Hudak:** So any kind of behaviour.

**Mr Riopelle:** Yes.

**Mr Hudak:** Setting aside the 2%, which works out to several million dollars increase in this kind of funding, is a good direction of the government.

**Mr Riopelle:** Yes, it is, and quite frankly, as I said in my presentation, I'd like to know the whens and the wheres and the hows. If you're going to make charities the stakeholders, then do it properly and let's have 20% of the take.

**Mr Hudak:** This pulls me in because the actions in Bill 75, the actions we declared in the budget last May, will result in an estimated \$180-million increase to the charities of Ontario. You bring us some interesting points in terms of the mechanism you use to distribute those funds. I'm a little bit ignorant of the local issues in terms of municipalities playing favourites — I'm not aware of that — but we heard the opposite, that maybe the municipality should play a large role because the community itself should decide where the funds go that are raised in that particular community.

You talk about the Trillium a little. I'm trying to get a feel for your recommendation, sir, on the best method of distributing these funds. Is it a Trillium-type thing or a provincial-type thing?

**Mr Riopelle:** Trillium is a granting process and does a very good job. If I were to suggest anything — and you might know, or I guess you do, that the Trillium Foundation is flat-lined at \$17 million a year and it has been for many years. Well, give them some more money. This is a place where you can move those dollars. But the municipalities — and this is what a lot of people forget. You get concerned with the large charities, the ones that can make an issue by running a picture or something like that. Most of the charities are very small. Most of the charities can be easily described as neighbourhood charities, well under \$500,000 a year for a 14- or 15-bed residence in addictions, for instance, a cost factor of \$100 a day or less versus \$400, \$500 or \$600 in hospital.

If we can draw one third of our budget out of the gaming industry, this does great things for the neighbourhood, but the things other than monetary — we have a whole raft of people working with us to provide this service. So you bring your neighbourhoods back together. How are you going to keep this kind of a feeling going if you don't get the neighbourhoods involved? That's the crux of putting the stakeholders at the table to determine who gets what and how you get it. It's very simple. There are those of us —

**The Vice-Chair:** Mr Riopelle, I'm sorry, we are going to have to stop you there. We've run out of time. Twice you got warmed up and twice you got — on behalf of the committee, we would like to thank you for your presentation.

## HILLSBORO HOTEL

**The Vice-Chair:** We'll move to Shirley White, Hillsboro Hotel in Pembroke. Welcome, Ms White. You'll have 20 minutes for your presentation, of which you may wish to leave some time for questions from the members. You can begin any time.

**Mrs Shirley White:** My name is Shirley White. I'm the owner of the Hillsboro Hotel, located in Pembroke, Ontario. I want to thank you and your committee members for the opportunity to appear before you today.

I want to begin by stating up front that I'm very supportive of Bill 75 as it relates to video lottery terminals and urge the government to implement them into the hospitality sector as soon as possible. We, as an industry, are in a serious economic situation and I can tell you from a personal perspective the urgency of the situation. Our industry is in serious trouble. Sales are down 20% across the industry. We have lost 100,000 jobs and there have been about 1,400 bankruptcies since 1992. I can tell you personally of at least 10 in my area alone.

My husband and I operate a small hotel with 30 rooms, a dining room and a bar. My son and daughter operate a sports bar in the same town. We do everything possible to increase business but we need a competitive edge. The public wants and demands entertainment and VLTs have proven to be the answer in Manitoba.

The Minister of Finance said the government was going to allow VLTs to help our industry. Specifically, he said, "We believe that VLTs, if implemented within tight regulatory controls and in limited-access environments, can meet a legitimate entertainment demand and provide a significant stimulus to the hospitality industry." He also referred to the 15,000 illegal grey machines that are already operating throughout the province, from which the government is receiving no revenue.

It is important that the implementation stage for our industry not be delayed and that the timing be as soon as possible following the racetrack and charitable casino schedule. The longer the delay to our industry will mean government will not be able to start receiving over \$500 million annually from machines allocated to our sector and the illegal, untaxed revenue from the grey machines will continue to remain in the underground economy.

My own town is located three miles from the Quebec bridge. VLTs are legal in Quebec and people from Pembroke use the VLTs regularly. There are bus tours to the casino in Hull, Quebec, operating on a regular basis. These tax dollars are leaking out of Ontario and into Quebec coffers.

1530

From the perspective of a businessperson like me, it means that a delay could well result in having an initiative the government intended to help our industry hurt it. During the first stage of implementation to racetracks and charity casinos it will create business dislocation. Customers will go where they can legally play VLTs. We cannot afford to lose any more business, even for a short time. As well, who knows if that customer will come back at all.

I have personally had to lay off 10 employees in the last year. I'd love to be able to re-employ these people and maybe more. I would suggest that your recommenda-

tion include a request to move implementation of VLTs for our industry on to the fast track.

Delay will mean, as I said earlier, that the government will be delayed in moving on the offensive against the illegal machines. It is very difficult to try to operate legally, especially in these tough economic times, when competitors are attracting your customers with illegal machines. I refuse to allow illegal machines on my premises. However, I need this unfair competition to stop. VLTs work as an attendance generator because they are an acceptable form of entertainment. The public wants them. They play for entertainment, not to gamble. They are part of an evening out.

Independent research conducted by Dr Barbara Gfellner of Brandon University in Manitoba has demonstrated that electronic gaming is viewed by the public as a desirable social activity. It is a budgeted event with the average player going out one or two times per week and spending about \$10. People play for the fun of it. It is a form of risk-taking, like a lottery ticket, not viewed as gambling to win money. Independent research has demonstrated VLTs are not addictive. I would never support anything that would create more social problems.

This form of gaming has proven successful in eight other provinces in raising new non-tax revenues for government and restoring economic stability to the industry. A survey by Angus Reid shows that 63% of the public supports VLTs. This survey contacted 800 people and is accurate within 3.5%.

Ontario already has a full selection of legal and illegal gambling opportunities. I have already referred to the grey machines. However, one does not have to go any further than your local corner store or bingo hall to find a gambling opportunity. I believe just as with the consumption of alcohol, the vast majority of players gamble in moderation and experience no gambling problems. With all the existing forms of gaming today — lotteries, sports pools, bingos, horse racing, casino, Nevada tickets — the introduction of VLTs will not increase the potential for compulsive gambling in this province. My customers support the introduction of VLTs into my establishment. As one of them said to me, "I don't mind making a donation to the Ontario government if I have some fun doing it." It is time the government raised some revenue in a way other than tax increases.

On behalf of myself, my family and the employees I still have, I urge your committee to recommend to the government quick passage of Bill 75. I would also suggest that your recommendation include a request to move implementation of VLTs for our industry as quickly as possible. Our industry is in desperate condition, as I can personally attest. We need this new form of entertainment to survive.

**The Vice-Chair:** Thank you, Mrs White. We're going to move now to questions. We have about four minutes per caucus. Mr Kormos has stepped out. We'll move to the Conservative caucus.

**Mr Hudak:** I appreciate the time. Thank you very much for your presentation, ma'am. You have an interesting perspective considering the proximity of your location to the Quebec border, which as you know is one of the other eight provinces that have VLTs.



Have you taken the time to go over there — you talk about your husband helps you run the business, or your son and daughter — to see how the VLTs work in Quebec and what kind of customers they attract?

**Mrs White:** They are a business generator. People will come in and have a drink or have something to eat and they will walk over and play the machine, as they do Nevada tickets in the bars now.

**Mr Hudak:** Maybe it just makes good headlines or whatever, but sometimes people portray these machines in a different light. Basically the image that you'd get from listening to these critics is that people are practically chained to the machines. Is that accurate or is it more a part of the social setting?

**Mrs White:** I have not seen that. I believe VLTs are similar to any other — alcohol, cigarettes, whatever it is; you name it. Some people have a compulsive personality and they will have a problem. I'm not saying this will not happen. I believe it will happen, but I also believe that the percentage that is put aside from the gaming that is done will be able to treat those people.

**Mr Hudak:** That percentage can be used to help people with addictions to gambling.

**Mrs White:** Of all kinds.

**Mr Hudak:** Of all kinds. Maybe there's even a coincidence, that somebody who has an alcohol addiction may have a gambling addiction if it comes from the same sort of psychological vein.

**Mrs White:** That's right. That's possible.

**Mr Hudak:** What is this is going to do — this is a good question, I think — in your opinion as a businesswoman, to your sales of food and beverages? If I go in there with \$10, am I going to spend \$8 on food now and \$2 on the VLTs, or will it increase the spending?

**Mrs White:** I believe you will still come in and have something to eat and drink. That was why you came into my place in the first place. You may or may not use the machine. But the idea that I have a machine as well as someone down the street who has grey machines, at least that gives me the same competitive edge. Then if they're going to his place, they're going because they like his food, they like his service and his atmosphere.

**Mr Hudak:** In terms of bringing some dollars from Quebec back into Pembroke, this will be a very important tool.

**Mrs White:** Of course, absolutely.

**Mr Hudak:** I think Mr Ford had a question.

**Mr Ford:** Yes. Do you think the availability of VLTs would contribute to the attractiveness of premises such as yours as destinations for customers? Do you think the VLTs are similar to the Quebec side, or does the Quebec side have actual slot machines or VLTs?

**Mrs White:** They have VLTs. They are played and when they cash out they get a slip of paper which they cash in at the bar.

**Mr Ford:** Say they started to introduce actual slot machines. This would be still another attraction for the customer, would it not?

**Mrs White:** I don't think so. It's all the same thing. They can still check out and get their money, so I don't perceive that as being any competition to VLTs.

**Mr Ford:** So they just get a receipt anyways and they can cash the receipt.

**Mrs White:** That's right. I don't feel that has any —

**Mr Ford:** So they wouldn't have to have the cash in their hands.

**Mrs White:** No, because they'll have it when they leave. I think people prefer to have the slip, because when they leave they're leaving with something. If they have the money, they may put it back in.

**Mr Patten:** Mrs White, thank you for coming today. I know your area and I know your establishment. I think it's a fine one and obviously has a good future. It does worry me, it disturbs me that somehow I see reputable organizations and companies and businesses trying to be more viable by virtue of gambling. It must disturb you somewhat too.

**Mrs White:** No.

1540

**Mr Patten:** Maybe it doesn't. But you did mention Manitoba, and I've got some references to Manitoba. Manitoba, the jurisdiction where these machines have been the longest, has recommended an immediate cap: "A commission has recommended an immediate cap on the number of machines and a gradual reduction of the machines to begin." I have the results of a similar study in Alberta, which recommended capping the number of slot machines in that province for a different reason.

In Manitoba the research suggested that 25% of identified gamblers started under the age of 18; a further 30% between and 18 and 24. They uncovered a striking correlation between age and slot machine usage. For example, 66% of 18- to 24-year-olds have played slot machines within the past year. The frequency played decreased with age.

Then it was recently reported, and I thought this was astounding, that Manitoba spent more money on gambling than on basic needs such as bread, milk, eggs and vegetables. In other words, \$130 million was spent on lotteries, casinos and slot machines in Manitoba last year, compared to the province's basic grocery bill of \$312 million. Where is this leading us? I'm trying to address both your situation, which I think I would rather see in other areas, of limiting business tax or whatever it may be —

**Mrs White:** If I could, you would realize what I'm suggesting is that we have a level playing field, which we don't have now. Unless the government can look at controlling the grey machines, and they do not, there is no level playing field. It doesn't matter to me if no one has VLTs. Then I don't have any and the guy down the street doesn't either, so I don't have to compete unfairly with him. But as it is now I do, and there is no way they can control them. The only way you have to do is regulate them and control them; if the government controls them, it's even —

**Mr Patten:** Why couldn't they be controlled?

**Mrs White:** It's like every other crime. It's like marijuana or whatever. You don't control it.

**Mr Patten:** They have investigators who go around and bug stores about cigarettes, and illegal booze in bars. I hear astounding figures. These phantom 20,000 machines, I don't know how many there are and I don't even know where they are and I've never seen them but —

**Mrs White:** I've been approached if I wanted to put them in my place and I've said no. I won't break the law to do that.

**Mr Patten:** A lot of people have said that. If the OPP approached you, would you say who approached you?

**Mrs White:** No.

**Mr Patten:** You see? There you go.

**Mrs White:** No, I won't.

**Mr Patten:** You won't say who approached you. You know they're illegal.

**Mrs White:** That's right, they are.

**Mr Patten:** But you want something to be on a fair ground with someone who is in an illegal operation?

**Mrs White:** When you walk away and when the police walk away, I have to deal with those people later. That's my problem.

**Mr Patten:** There can be ways in which people can provide information in terms of illegal activities without it necessarily having —

**Mrs White:** In a small town, I beg to differ.

**Mr Patten:** We have a lot of small towns in Ontario.

**Mrs White:** That's right, we have, and I can tell you that it wouldn't be the end of the situation for me if that happened. I know that and anybody who lives in a small town knows it as well.

**Mr Patten:** I understand that dynamic.

**The Vice-Chair:** Mrs White, on behalf of the committee I'd like to thank you very much for your presentation this afternoon.

#### PROVINCIAL COUNCIL OF WOMEN OF ONTARIO

**The Vice-Chair:** Next will be Ms Shirley Browne, the Provincial Council of Women of Ontario. Good afternoon. Thank you for coming. You'll have 20 minutes for your presentation.

**Ms Shirley Browne:** Good afternoon. Thank you for allowing me to give this presentation. It's short because I assumed there would be a lot of people here who had more resources than I had for research, but it's to the point, I think. Do you wish to know what the council is, or don't you want to bother about that?

**The Vice-Chair:** That's up to you. I'd like to know. I don't know about the committee.

**Ms Browne:** The Provincial Council of Women of Ontario is a volunteer, non-sectarian, non-partisan organization. It's a federation of provincially organized societies representing approximately 500,000 women and men, their families and communities. While members come from different backgrounds of experience, they have a common purpose in monitoring and researching social equity injustice in Ontario. Their strength lies in their mutual support for resolutions which have been presented to the provincial government in the form of an annual brief for the last 73 years. Over those years our concern has emphasized the need for advocacy on behalf of the most vulnerable citizens. Historically, women and children have borne the brunt of poverty and addiction, whether to drugs, alcohol or gambling, all of which have contributed greatly to poverty.

PCWO doesn't have any specific policy on VLTs, or video lotteries, but has presented many resolutions

pertaining to alcohol and drug addiction, with recommendations for curtailment and rehabilitation programs.

While we applaud the Premier's statement of July 18 that there should be a zero tolerance policy towards organized crime in the casino business and we also commend the recognition of the need to regulate other forms of gambling such as VLTs, the very fact that the government has stated its intention to contribute — albeit a small percentage of the estimated, I don't know, \$185 million is what I read but I don't know how much they're hoping to collect annually from legalized gambling — this amounts to an admission that gambling creates problems, and that's something we've known for many years.

Then we have the loss of autonomy of the charities that depend upon bingo and break-open lottery tickets for revenue. They feel that their revenue is going to be jeopardized. If 20,000 legalized VLTs are introduced, they will then become dependent on government discretion for their funds and, as I said, lose their autonomy.

Accessibility is a problem. The more accessible alcohol, drugs or VLT machines, whatever, gambling of any form, the more accessible it is, the more it's going to be used and the more problems will arise from it. The many thousands of illegal VLTs now in Ontario have introduced many people, young and adult, who can ill afford to lose money. They've been introduced to a form of escapism which can ultimately lead to addiction and depression, among other things. Machines must be off limits to young, vulnerable and bored teenagers, which means not in corner stores and malls and other places that teenagers frequent.

Regulations are only as good as their implementation. Up to date, the 38 government liquor licence inspectors have been unable to stop illegal sale of cigarettes and liquor to minors. With the recent reduction in their numbers, it will be impossible to supervise all proposed VLT outlets as well. I would like to know how the government proposes to do this to regulate them. You can have a law, but you've got to implement the law, and you've got to have some way of doing that.

Manipulation: There have been allegations of machines fixed to give winning returns at the beginning of the week and losses at the end of the workweek. Families have reported the loss of wages from this deceit, and it's mostly women and small children in families who suffer if the wage earner loses the money on these machines. There has to be some way, and I'm not saying it's just male people who lose their wages on them — whoever is the breadwinner in the family.

If the government of Ontario continues to pursue revenue through the proceeds of gambling, we strongly urge them not only to set in place strict regulations as to placement of the VLTs and the age of customers but to make sure there are enough trained inspectors to implement the regulations on a constant and regular basis. There should be strict penalties, such as the withdrawal of liquor licences for infractions. Fines are never a sufficient deterrent. People pay the fines and go back and do what they did before. It's been seen over and over again.



Once legalized, the machines must be safeguarded against manipulative fixing. I don't know another way of expressing that, but I think you must know what I mean. With the erosion of much-needed social services, provision must be made for assistance to the families of compulsive gamblers.

If the government is going to encourage gambling, and I really don't think they should, they must help people who suffer from it, and they are very often the innocent people. Thank you.

**Mr Rollins:** Thank you very much for your presentation. You've certainly put a different light on it from some other perspectives. Your concerns with the government putting back in a portion of the winnings to address the addiction problem some of those people are going to have — I don't believe that all those people are going to be treated. A lot of them have that problem at the present time. They could be betting at the racetrack now; they can be betting on football and ball games and all the rest of it. At the present time they're using even the grey machines and getting addicted.

Talking with quite a few racetrack people, they seem to think that if we were to put those machines in, we should put them in a restricted area where they have to be 19 years old to get in. A lot of ladies play those machines. Are you aware of the figures that they portray also?

**Ms Browne:** Yes. I'm sorry, I wasn't meaning to imply that only men played on them. Oh boy, that wasn't my meaning at all.

**Mr Rollins:** No, but there's a goodly number there. There are certainly some concerns in society with the gaming industries or the VLT per se. But with grey machines being as large as they were, a previous presenter had a question from the opposition whether we can remove those, but the grey machines under the present law, the way they are, they're in these places strictly as entertainment. Unless there's proof of payoff, they're not illegal. So those were some of the concerns, but I want to thank you for your presentation.

**Ms Browne:** Thank you. I still think, though, that even if there is gambling still on racetracks and in other places, the government shouldn't be encouraging more gambling just in order to get revenue.

1550

**Mr Hudak:** Thank you, ma'am, for your presentation. You made some mention too about the province proceeding cautiously and reasonably towards this, and I think we are learning from the other provinces' experiences. For example, Nova Scotia has withdrawn — you'll hear this often — a number of VLTs and the reason they did that was because they had it in corner stores. I certainly don't think that's a good idea and I don't think you'll see this government proceeding with the corner stores because of the issues that you talked about in terms of age restrictions and on every block and that sort of thing. That's why the government's going to approach this very conservatively, if you will, especially if they're liquor-licensed establishments. We've talked about an evaluation period for the tracks.

I guess there's a tradeoff then. You question why the government would be getting into another area of gam-

ing. We're already in gaming in all sorts of other areas. Especially coming from a riding that has a racetrack employing about 5,000 people directly and indirectly throughout the riding, the feeling there at the track seems to be that this is a tool to maintain those jobs and hopefully to enhance them and bring more capital to the track, and then in terms of charities, increase the total revenue to charities in the community. I think that people there would acknowledge there may be some tradeoffs with different charities, but the overall pie, if you will, they anticipate is going to increase from these changes in Bill 75.

I guess that's the tradeoff and that maybe answers your question to an extent that in terms, especially in my riding, of job creation and bringing money to charities and maintaining what's already a successful charitable gaming industry across the border from Buffalo, New York, those are the tradeoffs that I wrestle with in terms of creating jobs in the racing industry and the hospitality industry and helping out the charities. I think that's why we're making that sort of tradeoff.

I appreciate your comments too on the setting aside of revenues to treat people who are addicted to gambling, whatever kind of gambling it is. That was just a comment and I just wanted to address one of the questions that you brought forward.

**Ms Browne:** What riding are you from? I can't see.

**Mr Hudak:** Niagara South. It's the southern part of Niagara Peninsula. Port Colborne.

**The Vice-Chair:** Thank you, Mr Hudak. We do have to move on.

**Mr Patten:** I suspect that we share your perspective, our caucus, and I gather your message really is, well, if you must, then do it with strict supervision and in confined and controlled areas and pay attention to those who may be the most vulnerable, which tends to happen in many areas and that the government has said that they would place some resource in this area of gambling addiction.

My own experience in the whole field of recovery and the organizations that I've seen deal in that area will tell you that the figures that are put out, you can usually double them. So if we're talking a 2% figure for those who have a gambling addiction, at least double them. We know it breaks down differently. One of the disturbing things that I discovered in some of my research was that particularly the younger group of people, the 18 to 24s, had the highest level of addiction. You got the 2% when you averaged it out, 2% to 5%, but in that particular category, and those are the youngsters who are introduced, from looking at the research across the country, that greatest area of introduction to gambling has been the VLTs and that's the youngest and I think the most vulnerable because of first-time experience, and the highest level of unemployment. So the probability of some destructive social interaction in there, in my opinion, is very high. If we're going to proceed, we must proceed with great caution. What would be your reaction to that?

**Ms Browne:** I agree with what you're saying. I had some information I got from the Addiction Research Foundation and from the Canadian Foundation on

Compulsive Gambling, and something from Alberta and something from Nova Scotia, but it all arrived this morning, so I didn't have time to incorporate anything. I had just time to read through it and I did notice that the young people are the ones who are most vulnerable to this. If we set the age limit at 18, that's not going to be low enough, is it, because obviously the people who are familiar with computer technology like to do this sort of thing; there's an air of something for nothing, and all sorts of things that attract these young people.

Therefore, the accessibility is important. They have to be restricted very, very severely into places where not so many young people go. I don't know how many young people go to racetracks. When I was younger I wasn't aware that lots of young people went to racetracks. I knew a lot of older people who did, but I never knew any young ones who could afford to go to racetracks. Maybe they can now. Do they?

**Mr Hudak:** The customer for racetracks tends to be an older customer.

**Ms Browne:** Right. That's what I think.

**Mr Patten:** The older you get the older the younger ones become, though, I find.

**Ms Browne:** Right, second childhood. But I do maintain that you have a law. Is it 19 years of age where people are not supposed to buy alcohol?

**Mr Patten:** Yes.

**Ms Browne:** And they still do. You can't stop it, it seems. So how are you going to regulate these things?

**Mr Ford:** You can't govern morality.

**Ms Browne:** No, but you can regulate access.

**Mr Ford:** You can regulate, but it's very hard to carry it out now.

**Ms Browne:** That is my whole point. How are you going to implement the regulations? Just having them on the books is not enough if young people become compulsive gamblers. I know there are always going to be some people — there are some now — but why encourage more? This is what I feel the government is doing. It is exploiting this tendency.

**The Vice-Chair:** Thank you, Ms Browne. We're going to move on to the NDP caucus now.

**Mr Kormos:** Thank you, ma'am. I appreciate very much the perspective you bring. You might be interested in knowing that we were in northern Ontario when the Ontario Native Women's Association, Marlene Pierre, made an excellent submission, speaking for her constituency and acknowledging that the government has committed itself to 2% of — a whole lot of money it comes out to; it'd be 2% of net or gross, whatever, a whole lot of money to funding gambling addiction and doing research. But Ms Pierre said: "Okay, fair and good enough. But who's going to pay the rent when the rent cheque has been pumped into the slot? Who's going to pay for the children whose lives are destroyed because of a parent or parents who acquire addictions?" — in this case, gambling. "Who's going to pay for the trauma to families of" — just the horrible stuff, the spousal abuse, the whole nine yards. I don't think anybody had any answers for her.

The need for research is profound and I appreciate that you've gone to lengths to try to track it down and we've

certainly tracked it down. I spoke with Professor Derevensky at McGill University — he's one of the Canadian leaders — who acknowledges that among the general population the level of pathological gambling, gambling addiction, has been 2%, 3%, 4%, somewhere in there, and we use the number in here of 2%, and there really appears to be little dispute with that.

But he also shockingly notes in studies done in the CEGEPs, in the community colleges and in the universities, university students, double-digit levels of gambling addiction and high-risk personalities, and I can't be concrete about the source of that, but his research — and he knows Doctor Ron Frisch whom I spoke with at the University of Windsor who, in working with adolescents, shows 17% of adolescents approximately half of whom have pathological gambling traits and the other half he identifies as being high-risk — far higher than the general population and far higher than what it was historically.

The interesting thing from your organization's point of view is that the slots are, in some respects, incredibly democratic. You don't need a lot of money to play them. As compared to other forms of gambling where women tend to have been underrepresented in traditional casino gambling, with the slots women are equally represented. In fact, again, in contrast to this general 2%, perhaps 3% or 4%, but let's say 2% level of gambling problems among slot players, 9.1% of male slot players and 9.3% of female slot players were identified by Gfellner as pathological and problem gamblers.

1600

The problem is the research isn't complete yet. My view, and I think you've addressed this, is that this is uncharted territory with some red flags sticking up there, and why we aren't being more cautious beats me. It's interesting, because I know there are people in the hotel, motel and restaurant industry who say they need a shot in the arm, and I can't dispute that. We went over to the Hull casino at lunch time to see what was there. We did, and it's a grand, I presume, Las Vegas-style place and people in Ottawa are concerned that folks are over there spending their money rather than here in Ottawa. But I note that it isn't the restaurant and hotel and motel industry saying, "Let us run crap tables" — they're illegal in Canada — or "Let us run blackjack tables." They're not saying, "Let us run poker tables." They're saying, "Let us have slots." There's a whole lot of money there, a whole lot of money — none for the player.

**Ms Browne:** Which answers itself, doesn't it? Where's the money coming from? Out of the pockets of families, and very often families who can't afford it.

**Mr Kormos:** I appreciate your comments. I'm sure the opposition parties, of course, my Liberal colleagues and myself, will be presenting amendments to try to address some of your concerns. But let's all be very careful.

**Mr Browne:** Thank you. I hope you'll proceed with caution, and I don't really think it's an issue of morality. I think it's common sense.

**The Vice-Chair:** Thank you very much for your presentation.

**Mr Kormos:** Chair, may I please address an issue? Earlier today, Brian Whitman spoke with the clerk, the Chair, Mr Martiniuk and myself. He represents the arcade



machine industry. They requested that if there were a position made available — they're from Ottawa here — they would very much appreciate the chance. They came back this afternoon on the chance, because they gambled that there would be a slot open for them —

**The Vice-Chair:** I like the way you coin that phrase.

**Mr Ramsay:** He's such a card.

**Mr Kormos:** — and I'd ask, if there is time available, for unanimous consent —

**Mr Rollins:** Do you want us to deal with it?

**Mr Kormos:** No, unfortunately, I've played with bottom dealers before — for unanimous consent for these people to speak to the committee, if there is time, please.

**The Vice-Chair:** Absolutely. Is there any objection to that? We are running about 40 minutes ahead of schedule. We have to wait for the next presenter anyway, so it would be an ideal time if nobody objects. You're up next.

#### COIN OPERATORS LOTTERY ASSOCIATION

**The Vice-Chair:** This is the Coin Operators Lottery Association. For the purpose of Hansard, if you could individually identify yourselves. You have 20 minutes for your presentation and you may wish to leave some time for questions.

**Mr Brian Whitman:** Thank you, Chair. I'd like to introduce, on my left, Mr Gus Ragland. He's a coin operator and actually the coordinator of the Coin Operators Lottery Association. He's been in the business for about 20 years. I would like to also introduce, on his left, Mr Ron Henry. He's an operator and a member of COLA here in Ottawa. His family's been in the business for approximately 50 years. I've been in the business myself with House Amusements for the past 20 years.

**The Vice-Chair:** Would you please identify yourself?

**Mr Whitman:** Brian Whitman. I'd like to thank the committee and Mr Kormos for hearing us on short notice. We have a submission that has been mailed to the committee. We put it together this afternoon so we all had something to look at. At this time I'd like to turn it over to Mr Ragland and let him bring you up to speed on our submission.

**Mr Gus Ragland:** Basically, in our written submission, our opposition to the proposed introduction of these machines into licensed establishments is based upon the following four reasons.

The first reason, obviously, and the one I think is the reason we're here, is that we feel it will devastate our industry. Our industry has been hit very hard over the past five years. We had a real problem with the GST because we were unable to collect the GST from the consumer. On the quarter, we couldn't take the 7% out. As a result of that, we were paying it out of our pocket; as well, with video moving into the home, with the increased cost of equipment. These are mostly small, family-run businesses. We haven't been able to keep up with it. The real area we have left is pool tables, jukeboxes, games and bars. That's the main area we derive our revenue from.

In Ontario, and just talking with fellow operators across the country from other provinces that have already been through the introduction of VLTs and the experience

with it, our feeling is it would be devastating for our industry. It could virtually wipe us out of the business completely. That's the primary reason. One of the big things that happened there was the government came in and took away the cigarette machines from the industry back a few years ago because the argument was that they couldn't control minors buying cigarettes in the bars and the restaurants, so that entire industry was wiped out because of that. We question if it wouldn't possibly be the same thing with video lottery machines. How are they going to totally control people who are using these machines if they couldn't control the cigarette machines? We feel that's an issue.

Another area is that we feel there exists strong public opposition to the expansion of video gaming in Ontario. Back in January, we sent a letter off to most of the mayors of municipalities and towns right across Ontario and we got back a reaction that many of them were opposed to the introduction of video lottery terminals in the province. At the time, they said it wasn't an issue, to contact them again when it became an issue, but several of them came back in opposition. The reason we wrote them was that we realized that last year in the province of British Columbia, this was one area where the municipalities were very successful in preventing the introduction of video lottery terminals because of their opposition to it on moral grounds.

I went with this information and met the person in charge of Charities First Ontario. We were discussing this. They were concerned at the time about the issue because they had done some studies and they felt that maybe this would interfere with their revenues and cause their revenues to go down. As a result of what I said I had done, the individual wrote to most of the mayors of Ontario. From what we can put together here, this seemed to have an effect and a lot of letters went back from the mayors of Ontario to the provincial government asking the government to wait on this issue, to try to develop an overall policy for gambling in Ontario before they rushed into the VLTs.

In the meantime, I was talking with this individual and discussing this. He told me what he had done, and then all of a sudden he wouldn't answer my telephone calls. I put in about 20 telephone calls. I sent faxes. I didn't hear from him any more. He wouldn't answer me. Then all of a sudden I turn around and I find out that the charities are getting 20% — actually, I don't know for sure 20%, but they're getting a percentage of the revenues from it.

It looked like, from what we could put together, that this was sort of a hastily drawn conclusion, because we wrote letters to Mr Harris, and we have a letter back coming from Mr Harris as of April 29 that said: "As you are probably aware, no decision has been made on the legalization of video lottery terminals. Any expansion of gambling in Ontario will be given full and careful consideration." Then all of a sudden in the budget a few weeks later, we find that video lottery terminals are being introduced. We sort of got the feeling it was rushed into without really giving due consideration to the people of Ontario who would be concerned about this.

Another issue: We feel the province is over-reaching in its objective of increasing revenue through gaming

activity as the gaming market in Ontario has reached a saturation point with casino gambling, charitable casino gambling and conventional lotteries run by the Ontario Lottery Corp.

We question if really the government will get out of the video lottery terminals the revenues they're looking to get in the localized restaurants and bars. In other provinces, where you can do comparisons, you find they don't have as much casino gambling as we do in Ontario. Ontario already seems to have a sufficient amount of gambling and we just question if it really is necessary to expand into this area.

Our fourth area of concern is to the effect of whether the government really has a valid right to expand and has really given consideration that the government's proposed expansion of video gaming may run afoul of current Criminal Code prohibitions. We question whether enough thought has gone into the actual regulation of this, the suppliers, whether the government really has a total control of this issue of video lottery terminals in the province.

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In conclusion to our report, for all these reasons stated above we stand firmly opposed to any proposal which would introduce video lottery machines into licensed establishments. Beyond inflated projections of profitability, this government has suggested that video lottery machines must be introduced to fight the burgeoning presence of illegal machines in licensed establishments. There's no question illegal video gaming machines are present throughout the province. However, it's simply irrational to suggest the proliferation of illegal machines provides a justification for the government to introduce its own legal machines. Surely the proliferation of prostitution and drug consumption could not be used to justify the creation of provincially sanctioned brothels and opium dens.

If this government is concerned about the growth of illegal gaming machine activity, then it must work on stronger enforcement strategies. Gaming machines are illegal because they have the potential to injure the public and impair the quality of life in this province. The fact that people choose to violate the Criminal Code prohibitions on gaming machines should not lead a government to ignore the social harm created by these machines. Like an impatient child, the government seems to be saying, "If we can't beat them, let's join them." Sound social policy cannot be developed by mimicking the actions of criminals.

We feel this whole issue should be put aside and the whole concept of introducing video lottery terminals into the province should be re-examined and more thought given to this issue before it's done.

**The Vice-Chair:** Thank you very much, gentlemen, for your presentation. We are going to move to some questions now. We've got about three, four minutes per caucus, starting with the Liberal caucus.

**Mr Ramsay:** Thank you very much, gentlemen, for your presentation. I concur with your conclusion. We in the Liberal caucus have some big concerns about the introduction of VLTs in Ontario. You've highlighted many of the points. I think one of the points that needs

to be repeated is that this government in its zeal to grab revenue has not really done the impact study that would give us a sense of comfort as to what would be the impact on your industry, which you're obviously very interested in, what would be the impact on charities and their ability using the tools they have available to them today to raise money, and the whole thing really is driven from the government's need to find revenue.

Then they look at it and say, "It would be good that we give some money to charities so we're going to do that," and, "I guess some people will be afflicted by this so we'll put 2% aside for those folks." That's really what's driving this.

Yet you're a business that's been around for a very long time and struggling like a lot of other businesses. I know you're striving to keep up and provide entertainment. That's the other kind of fallacy about this because this is being sold also as, "When we get this in the restaurants and the bars what we're really doing is providing entertainment for people." You truly do provide entertainment through your machines because there's no financial payout. You're just actually providing, for the 25 cents, the 50 cents you put in or the \$1 to play some pool, just fun and that's it. There's no other material reward that's going to accrue from this; it's just to have a little bit of fun.

I would say to the government and the restaurants, if that's what they want to do, why don't they put in more of your machines and give people some more entertainment. I'm sure if the demand increased, there could be other forms of it and more money could be invested in that, and with today's technology, in even more interesting machines than might exist today.

What we're seeing is it's gambling; it's a revenue grab. I feel badly for an industry like yours because I think also you are going to be hard hit by this. I agree with you. There should be an impact study done on what would be the impact on other industries, on society as a whole and on charities in this province. I salute your presentation.

If you had any other comments you wanted to make, that's fine, but I just wanted to tell you I support you.

**Mr Kormos:** This is probably the single most dramatic submission that's been made to this committee and I want to underscore what this report says, please. It's authored by Professor Alan Young, who is one of the leading legal minds in this province, indeed in this country, who issues far more than a mere caveat, but who suggests strongly that what the provincial government is doing is going to be in direct violation of the Criminal Code of Canada.

Professor Young raises yet a greater spectre when he notes the high level of secrecy, or at least non-disclosure or lack of candour, on the part of the government in addressing the very issue he raises.

I urge you, Chair, and this committee, to not take this lightly. I appreciate that Professor Young is counsel for the association, but he's a person whose professional integrity is unquestionable. I think he has put the government, in this instance at no cost to the government, on notice that there may be some serious, serious shortcomings in this whole scheme. I beg the committee to focus on page 6 through to page 7, which warns this



committee that what the government may well be doing could be a violation of the Criminal Code.

I know that government members are going to say, "Well, it's been done in Alberta and Saskatchewan and every other place but BC." God bless, that may well be the case. I think this is the most dramatic submission we've heard and I thank the association for presenting it. But I tell you, Chair, if you just want to dismiss this with — we've been put on notice here. You can bet your boots this is notice that there's going to be some serious public questioning of the legality of this scheme. I'm not in a position to adjudge that, but we've been put on notice and it certainly warrants some major investigation. I think this is shocking information; this committee should act on it.

I quite frankly think this committee should defer any clause-by-clause consideration until this very important issue has been addressed. I would ask the parliamentary assistant to report back to the ministry and to legal staff there promptly and to get at least some response to Professor Young's concerns before we proceed any further. I'm not sure any of us want to be a party this, having been warned, as we have, by Professor Young. We may want to ask him about the law as it applies to criminal conspiracy, because I suspect he'd have some interesting things to tell the members of this committee, who don't raise their voices in protest, in view of the caution he's raised.

**Mr Hudak:** Thank you, gentlemen, for an interesting perspective. I'm glad you had a chance to come before the committee today. It's the first presentation of its kind we've had the pleasure of listening to.

My understanding, to address Mr Kormos's concern, is that section 6 of the bill places video lotteries under the conduct and management of the Ontario Lottery Corp to meet the requirements of the Criminal Code, so I believe that satisfies it, as is the case for all other lotteries.

An interesting thing, too, your presentation is ringing some bells, because I remember not too long ago, maybe 10 or 15 years ago, the same sort of arguments were being made about the kinds of products your association puts into establishments. I remember an arcade in my home town that I was forbidden to go into because of the kind of element that would be surrounding coin-operated machines, or that teenagers and pre-teenagers would be forced into the kind of activity like taking money from the parents or even other sources to fulfil the habit of playing video games.

I think the same arguments were made even in my father's generation about pool tables and pinball machines. It's always interesting when you have somebody — an established business in the entertainment industry would have protested the pinballs and would have protested the pool tables, and when they got in, they probably protested the implementation of videos and these kinds of arguments about addictions to Pac-Man and Space Invaders. The same arguments were had about video lottery terminals. You know the government's way of addressing this is acknowledging that addiction does exist.

I don't remember if part of the funds were set aside from video machine revenues or other coin-operated

machines to treat the resulting addiction among young people; I'm not sure. But this government is setting aside 2% of revenues from VLTs to address addictions across the board, obviously not just VLTs but addictions in all other types of gaming or even other addictions, hopefully to get at the psychological root. So it's interesting to see the same arguments come about.

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I wonder, too, out of curiosity, about the people in the industry. Since the technology, and I've a very rudimentary understanding, is not that much different for a video lottery terminal over what already exists in the coin-operated machines, the non-gambling machines, is there anything preventing the suppliers, the manufacturers of these machines getting into this business as well, or in fact do they do both sides?

**Mr Ragland:** The manufacturers like Bally and some of the major manufacturers are the major manufacturers of gambling equipment as well, and they have been for years. So they are in it, in effect. Major manufacturers, but we really aren't manufacturers. We're the people on the small end of the totem pole; we're the operators.

I did a lot of research at one point and I actually forget it because this was an issue of concern back in the early 1980s, like the addiction of kids to video. I remember going back and looking for articles on that and I found several articles that did cover that, then I found converse articles that covered that the games were good for eye coordination and kids picked up skills from it. The research on this, however — what I did, I went through the same thing. I went back to a library and I went through all the periodicals and I searched out information on gambling. I found an unbelievable plethora of information on the adverse effects of it and of the adverse effects of the video lottery terminals but I didn't find anything in all of that literature that really was positive about it.

I know that the moral issue and all of that has really been driven into the ground, and we were going through, obviously, because we're pursuing our interests, but from that aspect of it, there were just tons of information where it really created a lot of damage. Now, we're not experts and we're not people who — you can twist statistics from any side, we're aware of that, but the gut feeling I got from all of this and seeing what had happened in the States and everywhere was, this has a real negative effect.

Our industry can be accused of being part of the problem by virtue of the fact that there are people who do operate these grey-area machines, these poker machines, but the amount of that — like, people who walk into a bar and see that machine, they won't even necessarily realize that it's a payoff on it. The average person I don't think would even be playing it, but then, what this seems to do, when you put it out there in the public where it's government-sanctioned, you get a lot more people who never really were aware that they had a problem with gambling who get into that and get to play on these machines.

That was one thing that just impressed me, that when I was going through trying to do research on it I didn't find very much on the positive side at all. That could be the media, just the way the media does things —

**Mr Hudak:** In the —

**The Vice-Chair:** Mr Hudak, I'm sorry, we're out of time. Gentlemen, on behalf of the committee, I want to thank you very much for your presentation.

OTTAWA PRESBYTERY,  
UNITED CHURCH OF CANADA

**The Vice-Chair:** Our next and final presenter of the day is the United Church of Canada, Rev William Jay, Rev David Spivey and Rev Sue Taylor. Good afternoon. For the purposes of Hansard, if you could identify yourselves, we'd appreciate that. You'll have 20 minutes for your presentation. You may wish to leave some time at the end for questions.

**Rev Bill Jay:** Thank you, Chair and members of the legislative committee. My name is Rev Bill Jay, the chair of the church in society committee of the Ottawa Presbytery. To my right, first, is Rev Sue Taylor, a diaconal minister serving the Carlington community chaplaincy, and Rev David Spivey, who is national staff person working with our Montreal and Ottawa conference, one of the 13 regional areas of the United Church of Canada.

I appreciate that this has been a long day for you. Someone tipped us off that you started somewhere around 6 this morning, on the road, or something to that effect.

**The Vice-Chair:** I wish that were true.

**Mr Jay:** You wish that were true. It's a long day and it's a beautiful day outside.

We won't read the entire brief other than to highlight what we're attempting to get at. You have copies of the brief and we trust that, after supper, you'll dutifully read every brief you've received today.

It is broken into three sections. One is to identify who we are and with what mandate we come before you. Secondly, to speak of our concerns, broadly represented in areas of concern for victims; wanting to, in the second instance, look at the impact on communities, and finally to look at the moral questions, the ethical questions and dilemmas that are posed. The final section is our conclusions and our recommendations to your committee.

Very briefly by way of introduction, the United Church of Canada is no stranger to issues around gambling and organized forms of gambling in all of their instances throughout our church's history, and we're pleased with the background of having grappled with those issues to bring our concerns before you. We do represent, in the Ottawa area, through the Ottawa Presbytery, some 85 congregations, as well as three community ministries which are very much involved with people who are often described as victims of gambling. Sue Taylor, a community chaplain in the Carlington area, is very much acquainted with the impact. Then in the Seaway Valley area, which extends east to the Quebec border, are another 40 congregations.

We want to underline that when we speak we're not here out of any particular vested interest. We're not here, as perhaps other groups have been, to advocate for or against the introduction of video lottery terminals because of what they may do to benefit our organization, our constituency. To the contrary, historically the United Church of Canada has always insisted that its congrega-

tions refuse to accept any proceeds from forms of organized gambling. Its General Council, again in 1980 and 1986, specifically said church courts and formally constituted groups are to abstain from applying for grants from lottery-generated funds, feeling that if we are to raise funds for our own work we should do it by our own efforts and not on the backs of others.

So we come with no particular vested interest. We have nothing to gain other than to speak on behalf of the concerns of the people who are most affected. Certainly one of the areas of concern is the victims of gambling, and David is going to speak with passion and conviction about the impact on victims.

**Rev David Spivey:** Thank you very much for this opportunity to share some of the concerns, not just personal concerns but concerns of the entire portfolio that I represent, which is representing the division of the mission in Canada of the United Church. My primary concern, when it comes down to the bottom line, is the trickle-down effect of addictive gambling on communities, and particularly on families and ultimately on children. A lot of my work right throughout my ministry has been working with children and with parents in terms of helping parents and helping churches work on issues relating to children's rights.

Within the brief you'll find several stories that were gathered from various newspaper articles and magazine articles which focus beyond those who have become addicted themselves to the effect that gambling has, particularly the increasing accessibility of such things as video lottery terminals have for those with limited means which encourage certainly greater addiction, but beyond them to the silent victims. There are several stories that you'll find in this brief which relate to children being left in cars, parents trying to hide the fact that they're taking children to places where they themselves are gambling. It's the victims almost beyond the victims that, for me, are an incredible passion, because I think they are defenceless victims. More and more, as this kind of gambling becomes increasingly accessible, this silent group of victims is going to increase and the repercussions and the long-term repercussions, I think, are quite horrendous to envision.

I'm going to suggest that Sue Taylor pick up at this point and talk about the immediate impact that the kind of ministry in which she is involved is very much aware of. She's very much what we call front-line personnel in terms of meeting crises day to day and face to face.

1630

**Rev Sue Taylor:** I think what David has said is very real and very true. When people live on the edge of survival day after day and have difficulty getting themselves through a month, being able to feed themselves, we certainly during this last year have found a tremendous increase in the use of food banks. In terms of my own chaplaincy work and the team of us who work with the chaplaincy, we have literally been spending most of our time on crises, and most of these are hooked into a shortage of money and unable to get through and then the various other depressions and anxieties that arise from that.

The other thing that happens when people have very little is — right now, of course, the bingos and lottery



tickets and all of these kinds of things that are accessible to them — there is always the hope that tomorrow will be better and their numbers will come in and they will get the kind of money they need to bring their dreams to fruition. Of course, in the meantime, they're losing money, food money, in some cases housing, and so one thing after the other becomes lost.

If the video lottery terminals were to come in, the accessibility and the directness of those terminals would just make the whole issue even more horrendous. Children in poverty and families, as David said, the cost is tremendous, there's no doubt about it. There's great lure in being able to play these lottery games. They're easily accessible, and they think it's only going to cost them a little and the great hope is that they will earn the money that way, and it just doesn't happen that way — or very rarely.

**Mr Jay:** There are two other areas of concern we'd lift up before your committee. One is the myth of community development, improvement of community fortunes. Evidence is very much to the contrary. Reports from the Ford Foundation in the States, for instance, suggest that there are very dim prospects for long-term economic gain. Money that is spent by customers on video lottery terminals is diverted from other forms of entertainment, as the previous group already pointed out, and as well, the social costs continue to mount as more people fall victim. An estimated 11% to 12% of gamblers become addicted.

The question is, as revenues begin to decline in communities when the short-term cash cow runs dry, who then picks up the social costs? Certainly government has demonstrated in Ontario in the last year that it is unable to even maintain its responsibility for present social costs, let alone the long-term costs with the introduction of these terminals.

Finally, of course, values. What do you expect from a church group but to speak of moral values, the question of theological underpinning. We believe in a God who is orderly and dependable, that creation yields results as people work as co-creators with our Creator. If we think we're going to get something for nothing out of life, we've got it all wrong. Certainly the present government of Ontario has suggested very strongly that we ought to return to traditional values, that we need to involve families in caring for their own, whether it's providing for day care needs or for seniors' needs; calling on the churches to pick up more responsibility as governments download their responsibilities. We don't pick only on the provincial governments; we know that some of this was generated by the federal, but it's even being felt by the regional municipal governments.

We find ourselves in a peculiar quandary: We're being asked to return to a stronger role than we perhaps have been afforded by society in recent years of underlining the importance of moral values, of hard work and of personal responsibility, and yet the government, which tells us to do that, is about to introduce something which destroys traditional family units and poses a grave danger to thousands of Ontarians.

We are very concerned, obviously, so we ask in a very straightforward fashion three things. We state first that

we're unequivocally opposed to the introduction and placement of VLTs anywhere in Ontario under whatever umbrella they might be put in, under charitable organizations direct government organizations or we're just simply saying no. No means no.

Secondly, we feel there needs to be a full impact study, especially of the social cost on victims and the disruption and destruction of community life, and then, once those results have been obtained through a very thorough study, to have a full public discussion about the moral shape of where Ontario is going.

Finally, we ask that this bill be withdrawn immediately. We thank you and invite your questions.

**Mr Kormos:** People, thank you kindly. You know that Monsignor was here earlier today — you may not — speaking on behalf of an organization of churches here in the Ottawa area, and the United Church in particular has addressed this committee in a number of regions across the province. Your submission today reveals some research, some interesting stuff, especially about the failure of casino gambling to be the economic boost that its advocates portray.

The arguments are that we've grown into this new era where the lottery ticket has become all-pervasive. I'm a baby-boomer. I grew up in the 1950s, Eisenhower and Diefenbaker, and I remember when, as has been cited, when the Irish Sweepstake ticket was somewhat clandestine and a naughty little thing. We certainly have come a long way. I appreciate when you say that if we're not prepared to draw the line, then we're just going to go on on that continuum.

I suppose that's my fear, that government now talks about a tightly controlled regime, but there's always tomorrow and the next group of people who have an interest and want to get involved. Will it just be this government? No. Any successive government. Obviously New Democrats in government — the lure of profits from casinos was so strong that a group of politicians who traditionally had resisted and opposed governments using gambling, be they lotteries or what have you, as a fundraising measure, succumbed to the lure of it. They said no to VLTs. Had they been re-elected, would they have succumbed? Obviously as capably as any other government. I say that without hesitation.

I think this is very dangerous turf. The powerful interests in this business, big money, incredibly big money, I think have an incredibly corrupting capacity. I'm not necessarily talking about breaking legs to get one location over another, but we've witnessed, for instance, the vice-president of the Addiction Research Foundation decline to acknowledge the research that says slots, the VLTs, are the most addictive form of gambling. I understand that. He is dependent upon funding from the government which has indicated its intention to pull back, claw back on that type of funding, and here he is a major player in a fully government-funded organization. I see that as part of the corrupting quality of it, that this gentleman — and he's entitled to his view as a doctor — appears to have abandoned his traditional position because obviously 2% is going to be dedicated to organizations like his: \$9 million to \$33 million.

1640

I appreciate your comments. I of course don't take quarrel with them. I think we are playing with real fire here, and the modest research indicates that already — selling video lotteries as entertainment, convincing us that it's fun, and that's what's happened. We've had to be convinced that it's fun. Ontario Lottery Corp does it with lottery tickets: the windswept hair and the Ferrari down the winding road. Freedom, that's what you get. That's one of the lines they use, "Freedom." What an appeal to a wonderful concept, something very innate in all of us. It's the great myth. This is troubling stuff.

You might have heard the recent submission where Professor Alan Young, a law professor, suggested that this whole exercise may still be contrary to the Criminal Code of Canada. It's going to be interesting. I appreciate your focus on this.

**Mr Flaherty:** Thank you for your presentation today. I appreciate, as I'm sure you do, the position that Mr Kormos takes: contrary to gaming. The Liberal Party does not oppose the introduction of video lotteries in Ontario. They would restrict them somewhat, not to bars and restaurants but to racetracks and permanent charity gaming halls, but they're not opposed to them.

One of the realities that we have to deal with, and I want to ask you about this, is the degree of acceptance of gaming, broadly defined, as a form of amusement by the people of Canada, not just Ontario. We have these video lotteries in eight Canadian provinces now. They've been in several provinces for several years. There's widespread acceptance of them. The history of gaming in Ontario goes from the Irish Sweepstake tickets through legalized racetrack betting through the lottery, starting with the Olympics lottery in Montreal in 1976, and through the expansion of lotteries, then Monte Carlo nights and so on, introduced by the Liberals in the 1980s in Ontario, and then casinos introduced by the NDP in Ontario.

Rather than deal with it piecemeal, is it fair to say that the position you would advocate, in the best interests of the people of Ontario, would be that our society move away from gaming?

**Mr Jay:** Yes. In answer to the question, very definitely our General Councils in 1980 and 1986 have said governments should withdraw their support of organized gambling and oppose it within Canada — pretty unequivocal right across the board, whether it's casinos, VLTs that are being proposed or any other forms, because what we have said about the effects of VLTs is true, in our experience, and again, we keep coming from the pastoral point of view. We see the victims far sooner than government or opposition parties do.

The other is to ask, is it the role of government simply to acquiesce to opinion polls? I think we're seeing a very cynical level of political life in general around the world now, that governments are really being ruled. We saw the example of the Premier of Prince Edward Island who decided to call off an election and drop out of the leadership because the polls told her to. We're looking for moral leadership, and consistently all the opinion polls say that Canadians want leadership from government. Don't go with the majority opinion.

In the same breath, I find it difficult to say that just because the others are going along with something which

the evidence suggests is very dangerous, very addictive — video lottery terminals, and government's willing to go along with that — there's been a lot of public opinion in favour of something far less addicting, and that is marijuana. So is this government about to legalize marijuana?

**Mr Flaherty:** The level of addiction to alcohol is significantly higher than the level of addiction to gambling. In Canada it's 5% or 6%, rather than 1% or 2%, looking at all the studies. But governments attempted to outlaw gambling in the 1920s, as you know, across North America, with a definite lack of success, if I may put it that way. I'm not playing semantics with you. I am trying to address a problem with you of how best to approach what some perceive as a social ill, from a collective point of view, in a pluralistic society.

**Mr Jay:** Alcohol is regulated by government and very strictly controlled in terms of the quality and so forth. It's not the rot-gut that was being sold during the Prohibition days. When all the evidence says that VLTs are one of the most destructive forms of gambling known to humankind and the social costs are there and government is going to have to somehow or other find new resources to deal with it, I think part of the answer is to say that some governments, in controlling the alcohol trade, didn't entirely walk away from the restrictions of the 1920s, the Prohibition era.

**Mr Flaherty:** If someone addicted to alcohol wants to get alcohol in Ontario they can go to a government store and buy it legally.

**Mr Jay:** If they're under —

**Mr Flaherty:** If they're of age. If someone wants to go to a casino in the province of Ontario, they can do that. If someone wants to go to a Monte Carlo night, if someone wants to play bingo — if someone wants to buy break-open tickets they can buy them in a corner store. That's why I think, as I understand your position, we really would have to move way back from where we are today as a society. I'm not saying that's a backward step either — my language is awkward — but we would have to reverse a trend.

**Mr Ramsay:** Thank you very much for your presentation. For a lot of us this is a very difficult issue. For those of us who have been dealing with government for a number of years, gambling is something that government kind of slid into. I guess it started with the Olympics in this country. I think that's where it started. "We just need to have a little lottery there to pay off that debt and that will probably be it," and we see where we are today.

I have a lot of difficulty with it and I think our position tries to balance — I know it's certainly not your position because you'd like to really draw it back, and I have great sympathy with that, but our position is that we'd like to see some control. We'd like to see some sort of separation if there is to be gambling so that any gambling activity that goes on is legal, or that most of it is, that the majority of the revenues therefore would go to, let's say, the common good by going to the government, that we at least have this separation. If gambling is going to be here, and that's a reality, we'd like to see it restricted to casinos and racetracks because they are already gambling facilities in Ontario. But for us the



further proliferation of video slots to restaurants really starts to cross a line.

As a prime example, my colleague Bruce Crozier was questioning a presenter this afternoon who said he was very proud of the family restaurant he had developed over the last two and a half years but was really looking forward to the introduction of VLTs in his family restaurant. My colleague had the same reaction you just gave and asked: "Well, where would you be putting this? What do you see the kids doing?" He was thinking the kids will have what maybe one of the hamburger chains does: sort of a kids' play area over here so parents can go into this little private room because it can't be out in the general area of the family restaurant; it has to be in a restricted area. Boy, for us that's really crossing the line. It's not like the evening out where the couple goes over to Hull if they're here or down to Windsor or up to Rama. When the government does get organized with its charitable casinos in a permanent location — those have been around and a lot of that money does go to some good in each locality — now we're talking about having them in any restaurant where you're in for lunch or dinner and you're with children. I think we need to draw the line. That's crossing that.

I'd just like to hear your comments about that again because that's where we're at. In one way I wish people didn't gamble, but they do, and this bill just pushes it I think way over the line. That's what we're concerned about.

**Mr Spivey:** I've heard several times during just the short time I've been in the promise that 2% of revenue will be given to addiction research. I have real problems with the whole notion of encouraging a disease and then promising to give money to researching that disease. I agree with you. I think any proliferation of this type of gambling is the encouragement of a disease and stepping over a very clear line, for me.

**Mr Ramsay:** In fact one would have to ask, why would a government purposely bring in an activity, encourage the proliferation of an activity that it knows is harmful to the population? You really have to ask that question, why they're doing that. I think we know why. They've got some fiscal pressures they have to address, but that's a pretty sad commentary on government today.

**Mr Spivey:** My primary concern is the victims who are already there. They're not going to be victims in a year's time or two years' time or 10 years' time when things grow more and more. They're victims now, and to encourage the increase of any kind of disease to me is abominable.

**The Chair:** I thank you very much for your presentation here today.

As I requested, if I could see the members of the subcommittee, Mr Kormos, Mr Flaherty and Mr Ramsay, after the meeting. We are adjourning this meeting to 9 am on Tuesday, August 20, at the Ambassador Hotel in Sudbury, Ontario. This meeting is adjourned.

*The committee adjourned at 1651.*

## STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

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\*Mr Gerry Martiniuk (Cambridge PC)

\*Mr John L. Parker (York East / -Est PC)

\*Mr David Ramsay (Timiskaming L)

Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Mr Bruce Crozier (Essex South / -Sud L) for Mr Conway

Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson

Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston

Mr Doug Galt (Northumberland PC) for Mr Doyle

Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton

Mr E.J. Douglas Rollins (Quinte PC) for Mr Klees

### **Also taking part / Autres participants et participantes**

Mr Jean-Marc Lalonde (Prescott and Russell / Prescott et Russell L)

Mr Richard Patten (Ottawa Centre / -Centre L)

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service



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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 20 August 1996

# Journal des débats (Hansard)

Mardi 20 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Tuesday 20 August 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Mardi 20 août 1996

*The committee met at 0900 in the Ambassador Hotel, Sudbury.*

ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996  
LOI DE 1996 RÉGISSANT LES ALCOOLS,  
LES JEUX ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**Mr Peter Kormos (Welland-Thorold):** Chair, if I may —

**The Chair (Mr Gerry Martiniuk):** Wait a minute. Could I greet everyone, Mr Kormos? Good morning, ladies and gentlemen and members of the committee. I'd just like to do my introduction, Mr Kormos, and then I will be pleased to recognize you.

This is the hearing of the standing committee on the administration of justice's consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming. I welcome you to the committee hearings. The committee is very pleased indeed to be in Sudbury this day to hear representations from close to 10 individuals and organizations from Sudbury and surrounding environments. Now, Mr Kormos.

**Mr Kormos:** Very briefly, Chair, as you know, yesterday a submission was made that had been prepared by Professor Alan Young, a professor of law at Osgoode Hall Law School and a renowned criminal law expert both in Canada and internationally. In the submission prepared by him, Professor Young expresses great concern that the proposal by the provincial government for its slot machine regime contravenes the provisions of the Criminal Code and that in fact will be an illegal gaming endeavour subject to prosecution under the Criminal Code.

I have two concerns, one, that we have been put on notice that the whole proposal by the government does not comply with the Criminal Code of Canada and that comes from strong legal authority, and two, that there has been nothing presented by the government to contradict

Professor Young or indeed to explain where Professor Young might be lacking in his analysis.

I would hope the committee would give Mr Flaherty a chance this morning to respond to this very urgent warning issued by Professor Young. I'm concerned about our participation as parties to what some would interpret, if Professor Young is right, as a criminal conspiracy to contravene the Criminal Code. I'm concerned about this committee's participation in a grossly and blatantly illegal activity by virtue of even considering this exercise.

In the absence of any explanation on the part of Mr Flaherty of the government or response to Professor's Young's concerns, I would move that this committee suspend its process until such time as the legality of this process is determined. I put that motion on the floor, sir.

**The Chair:** Do we have a motion on the floor?

**Mr Kormos:** Yes, sir.

**The Chair:** It would seem that Mr Kormos is concerned with an opinion by a lawyer. Mr Flaherty, do you wish to answer that? I assume that before this legislation was tabled in the House there were opinions given by the legislative counsel. Do you wish to answer Mr Kormos's motion? He chooses not to withdraw from these hearings but to move a motion that the hearings be suspended.

**Mr Jim Flaherty (Durham Centre):** The Criminal Code does make gaming illegal in Canada unless lotteries are conducted by a province under an appropriate authority like the Ontario Lottery Corp. This question has been faced years and years ago. It is nothing new. The Ontario Lottery Corp is legally entitled, as the provincial agency, to conduct lotteries. Video lotteries are lotteries. The act before us, as was explained by Mr Hudak yesterday, if Mr Kormos was listening, amends the Ontario Lottery Corporation Act to place video lotteries under the conduct and management of the Ontario Lottery Corp as required by the Criminal Code of Canada.

**Mr David Ramsay (Timiskaming):** While I am sympathetic to Mr Kormos's motion, having travelled here at the people's expense to listen to the people of Sudbury, I think this would be an inopportune time to suspend the hearings. However, I would certainly accept a friendly amendment to it that we do so after public hearings and before clause-by-clause. But at this particular point in time we are in Sudbury, many people have come out to make their representations, and I think we should hear them out.

**Mr Kormos:** I'm prepared to accept that proposal on the part of Mr Ramsay as a friendly amendment. Professor Young is an internationally acknowledged expert on criminal law — I'm afraid that neither Mr Flaherty nor Mr Hudak are among his peers — and he has raised some very serious issues. I'm prepared to accept the amendment by Mr Ramsay.



I certainly want the record to make it clear that I'm cognizant of the thin ice that this government is on and I certainly don't want to have anything to do with promoting what in effect will be an illegal gaming jurisdiction, one in contravention of the Criminal Code, where people may well end up going to jail.

**The Chair:** I take it you have accepted the amendment. What will your motion read now, Mr Kormos?

**Mr Kormos:** That subsequent to today's session this committee suspend until such time as the concerns of Professor Young are adequately addressed. Is that fair, Mr Ramsay?

**Mr Ramsay:** Yes, it's fair.

**Mr Flaherty:** Let's put the question now.

**The Chair:** Yes, I was going to do that.

**Mr Kormos:** Recorded vote, please.

#### Ayes

Crozier, Kormos, Ramsay.

#### Nays

Jim Brown, Flaherty, Ford, Ron Johnson, Marland, Parker, Skarica.

**The Chair:** The motion is defeated.

*Interjection.*

**The Chair:** The committee welcomes Ms Martel.

**Mrs Margaret Marland (Mississauga South):** Mr Chair, could you ask Mr Kormos to withdraw that comment? Was that comment on the record?

**The Chair:** I don't think his microphone was on.

**Mr Kormos:** What I said, Chair, was that they're prepared to sleep with the mob. Why shouldn't they be prepared to break the Criminal Code?

**The Chair:** Mr Kormos, I have on a number of occasions suggested that imputing that motive to the government members is improper and unparliamentary. I've asked you to withdraw in the past, you've refused on a number of occasions to do so, and really I think you are saying to the government members that in some way they are corrupt and associated with the mob.

**Mr Kormos:** Yes, Chair, I most certainly am. An association promoting 20,000 slots in this province, if that doesn't constitute corruption, both ethical and moral, nothing does, never mind the fiscal corruption.

**The Chair:** I would ask you to withdraw it. I think you know it's unparliamentary.

**Mr Kormos:** No, Chair, please. It also happens to be true.

**The Chair:** Mr Kormos, I don't know why a person of your intelligence and acumen would have to cheat when you know that —

**Mr Kormos:** Oh, please, Chair.

**The Chair:** I've asked you to withdraw it. You've refused to.

**Mr Kormos:** I certainly do.

**The Chair:** That will be on the record.

#### SUDBURY FAMILY SERVICE

**The Chair:** Excuse me, sir. We have concluded our preliminary matters this morning. Mr Dan Piché, welcome this morning. You represent the Sudbury Family

Service and you have 20 minutes starting now. We haven't used your time up, and I would appreciate your proceeding.

**Mr Dan Piché:** Good morning. My name is Dan Piché, financial administrator for Sudbury Family Service. My reason for being here today is to explain my reasons for not supporting Bill 75. I'd like to concentrate on two issues today. The first issue is the effects of VLTs on charities, and the second is the effects of VLTs on social problems. Before I talk about these issues, I'd like to give you a brief background of our agency.

Sudbury Family Service is a charitable, non-profit organization dedicated to the needs of the family unit and its members. Sudbury Family Service offers its services, without discrimination, to all residents of the region of Sudbury. Our mission statement is, "To improve the quality of life and to resolve the psychosocial problems of individuals, families and our community systems."

I would now like to concentrate on the first issue, the effects of video lottery terminals on charities. One of our agency's major sources of revenues is from the sale of Nevada tickets. If VLTs were introduced, our Nevada sales would plummet by 50% or more. As a result of this loss of revenue, many jobs would be lost at Sudbury Family Service. If our agency had to lay off staff, imagine all the layoffs that would occur for all charitable organizations in Ontario that rely on Nevada revenues as a major source of financing. This would be devastating to the charities of Ontario.

I would now like to concentrate on the second issue, the effects of VLTs on social problems. VLTs will only be installed in establishments with a liquor licence. Therefore, we will see more people returning to bars and hotels, causing an increase in alcohol-related problems, including drinking and driving, not to mention the problems related to compulsive gambling. These problems are then brought into the home, where our children will suffer the consequences. Is that what this government wants for our adults and our children?

#### 0910

Having read the sixth printing of the Common Sense Revolution, I have noticed several inconsistencies between this document and the introduction of VLTs. I would like to quote some excerpts from this document: "We put the priority on the people who need health care"; "and more into the preventive care, which can help people avoid becoming ill in the first place"; "our obligation to those in need is even greater in the case of our children."

As you can see, the introduction of VLTs is inconsistent with your objectives of putting the priority on the people and the children.

To conclude, I agree with your philosophy of balancing the provincial budget, but VLTs are not the answer. However, I do have a strategy for you to consider. I have a quote from Premier Mike Harris concerning the Windsor casino:

"I don't want a million dollars a day into the province of Ontario. I don't want the money, I don't want the Ontario government to have it. Part of the problem is the Ontario government has too much money, borrows too much money, spends too much money. We don't have a

revenue problem, we have a spending problem." This quote was taken from the Hamilton Spectator, May 5, 1995. Now there's your solution.

I would like to thank you for giving me the opportunity to comment on Bill 75.

**The Chair:** Thank you, sir. We have approximately five minutes per caucus.

**Mr Flaherty:** Thank you, Mr Piché, for coming this morning. This committee is in the 10th day of hearings now. We've travelled, since starting in Queen's Park, to Thunder Bay, Kenora, Fort Erie, Sarnia, Ottawa and now Sudbury. It's good to have an opportunity to hear the views of yourself and other people in this community and in this area.

The vast majority of the people of the province of Ontario, in the government's view, are reasonable, moderate people. They have demonstrated that in their spending on things like the legalized gaming in Ontario now, the bingos and Nevada tickets that you've talked about, and roving casinos, and the government accepts that with respect to video lotteries. We know from the experience of eight other Canadian provinces that the average video lottery player plays twice a week, spends \$10 at a time, uses a predetermined budget and acts very reasonably. That's the vast majority of people.

The government at the same time acknowledges that 1% to 2% of persons who engage in gaming, and the studies are consistent on that, will demonstrate some form of addictive behaviour. How our government is different from the previous NDP government, which legalized casinos, and the previous Liberal government, which legalized Monte Carlo nights in Ontario, is that we are actually going to put some money to the problem. We are going to address the problem realistically, and 2% of the gross revenues from video lotteries will go to research and training and education with respect to addiction problems. We're not sweeping the problem under the rug; we're recognizing the problem.

Having said that, the government also is committed to a very measured, controlled, phased introduction of video lotteries in Ontario, that is, starting with racetracks and permanent charity gaming halls, which are created by this legislation, Bill 75, and then a review process and then an introduction into licensed premises. The total number of machines to be introduced is 20,000, which will give the province of Ontario the lowest number of machines per capita in the nine provinces in Canada which at that point will have video lottery machines.

But I do want to address your specific concern about Nevada tickets or break-open tickets. I read the statement in your submission about a reduction in sales of those. I'd suggest, with respect, that the evidence we have so far concerning gaming habits in the province is that the clientele is different for different types of attractions, different types of gaming amusements like bingo and break-open tickets and that sort of thing, and that after an initial slowing-down period, as in Windsor, Ontario, where we have experience, this gaming activity bounces back to close to its original share of the market. So I think we'll have to wait and see on that.

On the question of actual studies that have been done with respect to gaming conduct, there is an actual study

done in Ontario by Professor Frisch of the University of Windsor and the Canadian Foundation on Compulsive Gambling which said that the addicted population of gamblers remains stable at between 1% and 2% and does not increase even with a major new form of gambling such as video lotteries. This is based on the experience of the introduction by the NDP government of more than 2,500 slot machines at the Windsor casino. Also, he noted that the spending ranges between \$10 and \$11 per week, both before and after opening the casino in Windsor.

I know one of your concerns is with respect to charities. Charities will receive 10% of the gross revenues from the video lotteries, so it's a substantial amount of money. The increase to charities will be up to \$180 million more than charities are receiving today in the province. It's a very substantial sum of money and we are going to have an implementation consultation following this enabling legislation, Bill 75. I would hope that organizations such as yours would want to participate in that consultation process, particularly with respect to what charities qualify, where permanent charity gaming halls should be located, the regulation of them and that sort of thing. Is that something that you intend to participate in, I hope?

**Mr Piché:** Yes, I would, if you had a process like that. The only thing that concerns me is you say you're going to give \$180 million to charities —

**Mr Flaherty:** More. An increase in the current funding. For example, Monte Carlo nights bring in \$10 million to \$15 million and we're going to increase that funding. But the amount available to charities — not to charity operators, not the people making money on it; to charities — is going to increase by up to \$180 million. The people who need the money, not the operators.

**Mr Bruce Crozier (Essex South):** And the government's included.

**Mr Flaherty:** The taxpayers of Ontario, yes. The people who pay the taxes in the province. That's right. The Liberals raised that point. Thank you.

**Mr Piché:** My only concern is that right now you have agencies who have their own fund-raising; they make their own money. Now Nevada sales, let's say, drop 50%. That money is being spent on local economies. If we put in VLTs, that money is now going to go to the provincial government. The money's going to get sucked out of the local economy. You say you're going to give it back to the charities, but more than likely it's not going to be in the same proportion. Like the money that's being spent in Sudbury now —

**Ms Shelley Martel (Sudbury East):** Twenty-seven million.

**Mr Piché:** — part of that money may not come back to Sudbury. It could go to Toronto, Ottawa.

**Mr Flaherty:** That's right, and I think the operative words you're using are "may" and "could." Again, that's why in the further consultation about local input concerning implementation, location of permanent charity gaming halls, it's absolutely important that local organizations such as your own, in addition to the input we're getting from you today — and we're listening; we were here to listen — that you participate in that process as well. Thank you for your submission today.



**Mr Ramsay:** Mr Piché, thank you very much for your presentation today. I'd like to continue in this vein because I'm very concerned, with the same concerns you have, that you as a non-profit organization that does good work in the city of Sudbury today by past governments have the tools to raise your own money and to mobilize your supporters, your volunteers, to work the malls, sell the Nevada tickets. I'm really surprised at a Conservative government who I would think would like to see Ontarians more self-reliant possibly like we have been today in our charities go back to a system of going to government cap in hand begging for some money and filling out application forms and that when we've got our people mobilized in our communities selling Nevadas.

*Interjection.*

**Mr Ramsay:** One of the Tory members has just said, well, Nevada sales won't drop, and we've had evidence to the contrary; evidence to the contrary has been presented to this committee that Nevada sales do drop in other jurisdictions when you introduce VLTs. But also when you say to the government members that the introduction of VLTs will overall increase the amount of gambling, they say, "No, it cannibalizes other forms of gambling." So the government members can't have it both ways. Either there's going to be more gambling taking place in Ontario or, if it's the same pool of money, then there's going to be less to Nevada tickets, and that's your concern.

I'd like to ask you why you think the government's going to take this tool away from you in the Nevada ticket sales and put you back dependent upon government for a handout.

**Mr Piché:** The only reason they're doing it is to balance the budget. That's the bottom line.

**Mr Ramsay:** The other thing I would like to ask you, and this really gets very fundamental to this whole issue in that you've talked about your concerns of the possible harm that the further expansion of gambling would bring to your community and the people you serve specifically: The government accepts that there is going to be harm because, as you know, they're going to dedicate 2% of the revenues to people who find themselves in problems with gambling. Why do you think a government would knowingly put a percentage of their population at harm?

*Interjection:* And your government didn't.

**Mr Piché:** It's a Band-Aid solution. They know it's probably going to happen. That's why they're going to put 2%, but by not introducing VLTs, we wouldn't have to worry about those potential problems. That's the way I look at it.

0920

**Mr Crozier:** Thank you for your presentation. I wanted to support your conclusion where you quoted Mike Harris's comments regarding the Windsor casino and not needing the money. As a matter of fact, he was going to close the Windsor casino the day he made those comments, but his spin doctors got to him the next day and said: "My God, you're throwing this thing away. You've got to change your mind."

But to support your contention, I have here 58 pages of Hansard where Ernie Eves, now Treasurer and Deputy Premier, and the Premier railed against gaming, literally

railed against it. Ernie Eves says, "When a government turns its back on the very principles and reasons it was elected to power, should not that government give the public an opportunity to express its opinion?" In the context of what he was saying, he was saying a referendum, not just to invite you out here today, because today, sir, we're going to lay some resolutions on some amendments to this bill on the table. I'm not a gambling person, but five will get anybody 10 that the resolutions we put on the table will be turned down.

So I appreciate what you're saying. We say in this business that occasionally governments have to rise above their principles, and that's what we're asking this government to do. But thanks for coming.

**M<sup>me</sup> Martel :** Merci, Monsieur Piché, pour être venu ce matin. C'est une discussion très, très importante pour toute la communauté.

But I want to begin by dealing with Mr Flaherty's approach or recitation where he said that their approach to gambling is going to be so much better and so much different than the approach taken by either the New Democrats or the Liberals when they were in government. I think I want to just point out what Mr Harris said about gambling in this province. This goes back to Hansard on May 13, 1993. He said:

"As Donald Trump says, gaming doesn't come cheap. I have to agree with a lot of the critics on that. It brings crime, it brings prostitution, it brings a lot of the things that maybe areas didn't have before. There is a big cost to pay."

It's amazing on the road to Damascus the conversion we have seen by the Conservative Party as we approach this issue.

Maybe you can enlighten the committee about the important services you provide to this community and to residents of northeastern Ontario and describe to us again why you feel those services will be put at risk if the money that you have to raise through charities is also put at risk because of electronic slot machines.

**Mr Piché:** We provide counselling services to the Sudbury community, whether it be marital problems — we provide counselling for a whole variety of problems. So a lot of people do need our services.

Based on the results of our evaluations of our counselling, we are helping families in this community, and if our source of revenue suddenly drops, that means we have to lay staff off; that means waiting listings will increase and people may not get services. That's why I'm here today, because I feel our source of revenue is threatened to provide these services to the community and I'm trying to do something about it.

**Ms Martel:** Do you think that not only will the services that you currently provide be put at risk, but that the introduction of VLTs in the community is going to result in an increased need for services because of people who therefore have addictions?

**Mr Piché:** Yes.

**Ms Martel:** So you're going to get hit two ways: One, you put at risk the services you currently provide, and two, you're going to see an even greater demand in a community that doesn't have a lot of services like yours already.

**Mr Piché:** That's right.

**Ms Martel:** Can you give us a clearer sense of just how much revenue comes into your social service agency from the sale of tickets?

**Mr Piché:** From the sale of tickets? It's our second-highest source of revenue, so we're probably looking at over \$200,000.

**Ms Martel:** Does the agency have a clear sense of just how many people might be lost if that second major source of revenue coming into your agency is lost or severely reduced?

**Mr Piché:** You're probably looking at four staff, which would be half our agency.

**The Chair:** Mr Kormos, two minutes.

**Mr Kormos:** Thank you, Chair. That's what I thought I had, two minutes. It's interesting, because the data provided me by the Ontario Lottery Corp is that it bleeds over \$27 million a year in everything from 649s down to bingo and keno tickets out of the Sudbury region alone. When I hear these guys talking about putting money back into the community, I wonder how much of the \$27 million that the Ontario Lottery Corp bled out of this region got its way back into Sudbury.

My fear is that you and agencies like you are not going to be at the top of the list because you aren't in bed with Harris and his gang, but you're out there combating evils that they're perpetrating with some of their policies. My concern is that you're going to be at the end of the list when it comes to sharing in any of the proceeds, because what they've done is they've been buying people off. This is how corrupting the whole slot industry is.

They've been buying off the Addiction Research Foundation in Toronto, which refuses to acknowledge now that electronic slots are the most addictive form of gambling, even though Addiction Research Foundation services in Lake of the Woods, Lake of the Woods Addiction Services, says about video gambling machines that it's very addictive and "the trend is towards developing faster and faster games." The Addiction Research Foundation itself in northern Ontario, in Thunder Bay, says video lottery terminals are considered to be the most addictive form of gambling. But what happens? The corruption is permeated.

Mind you, if I were the VP of ARF in Toronto and I had to rely on these guys for funding — right? — and knowing that they're cutting and chopping funding left and right, would I suck up and toe the line?

**Mr Flaherty:** That's a terrible thing to say about the VP of the Addiction Research Foundation.

**Mr Kormos:** I might be inclined to as well, but that just illustrates how corrupting this multibillion-dollar, mob-directed industry has been in short order already in this province and will continue to be. I appreciate it. I have sympathy for you. God bless. Thank you, Mr Piché.

**The Chair:** I'd like to thank you, sir, for attending here today and your presentation.

**Mrs Marland:** Mr Chairman, on a point of privilege: I would like to suggest to Mr Kormos — I know we're not going to get anywhere with him today, I can tell, but I would like to suggest to him that he might be absolutely right about mob-controlled VLTs in this province,

because we already have 18,000 to 20,000 that are operating in this province illegally. We don't know where they are —

**Mr Kormos:** You do know where they are. They're in the very locations that you want to put slots in. You do know where they are.

**Mrs Marland:** Excuse me. The OPP have identified that number that are operating today, and on that number you may well be correct about who operates them.

**The Chair:** Mrs Marland, that is not a proper point of privilege. I must overrule it.

**Mr Kormos:** You do know where they are and your government won't dedicate —

**The Chair:** Excuse me, Mr Kormos. If we have these interruptions, it could be that we will not be able to hear all of our guests who have waited patiently. We struggle to hear them and it's important that we hear all of them that we have scheduled to hear. So if we could have some consideration for our guests.

#### SUDBURY BOARD OF EDUCATION SECONDARY SCHOOL PRINCIPALS' ASSOCIATION

**The Chair:** We will move on to the Sudbury Board of Education Secondary School Principals' Association: Patrick O'Malley, member. Good morning to the administration of justice committee, Mr O'Malley. You have 20 minutes, which would include any questions the committee members have of you, and I'd ask you to proceed.

**Mr Pat O'Malley:** I want to thank the committee for giving me these few minutes this morning to express my views about Bill 75. My name is Pat O'Malley. I'm a principal of a public secondary school. I speak for many, many secondary and elementary school principals and I believe on behalf of thousands of students in the Sudbury region who I believe will be adversely affected if this bill is passed. From my perspective this morning, for this reason, I certainly do not support the passage of Bill 75.

The question is, how would this bill impinge on schools and students? As non-profit organizations, schools are eligible to receive moneys through the charitable portion of the funds from the sale of Nevada tickets. Many schools use these funds, which may range from several hundred dollars to several thousands of dollars, to good advantage for students in both curricula and co-curricula programs.

0930

In fact, in these times when provincial educational cutbacks have been so pronounced, especially over the last few years with the social contract and with the present government — and it's a certainty that these cutbacks are going to continue into the immediate future — the financial support from Nevada tickets has been significant in allowing schools to maintain programs and purchase equipment that present school budgets simply do not allow. For example, in my own school, moneys from Nevada tickets have allowed us to continue to offer a full program of over 30 co-curricula and athletic activities. We would definitely not have been able to do this without the financial assistance from our business Nevada partners.



We know there are a number of our physical, co-curricula activities that we would have to have cancelled, and I think that would diminish in a significant way what as schools we can offer our students in the way of learning and development in social, physical areas. For example, if you look at just the cost of transportation in the schools for our school teams, if I send one team to another school to play a game, depending on the distance to that school, it could cost me anywhere from \$65 to \$100. Multiply that by the number of games in the schedule that are played away from the school, add to that involvement in such things as city championships, NOSSA championships, OSSFA championships, and then multiply all of that by the number of teams that you want to offer to your students in the school, and perhaps it's clear why schools have welcomed, and I believe used to such good advantage, funds from Nevada tickets.

I think that same significance holds true in many curricula programs. For instance, we know that we're sort of in the foothills of the information age and there are still some mountains that we have to climb, and the schools in order to do that, to present what we should be in terms of learning situations to students, need equipment to help climb those mountains. If we look at the purchase, for example, of one computer package — when we know that schools should be making access to computers available for every student, the package of one computer system is a major item in any school budget — a major item.

Again, it has been through our business of Nevada partnership that significant help has been forthcoming to help us make these purchases, and I'm convinced that if VLTs are introduced into the Sudbury community, the consequences are inevitable. The revenues from Nevada tickets will definitely be cut by a significant percentage, and I think that's true because VLTs, as I see them, are targeted directly against Nevada tickets. It is exactly the same kind of gaming.

It has been estimated that one VLT can take up to as much as \$25,000 out of a community. What this means of course is that many of the local charities and non-profit organizations will lose some of that financial support that currently comes from Nevada tickets, because there just won't be the money available in the community. I think a further consequence will be that there are many small businesses right now that are working with Nevada tickets that after the introduction of VLTs will no longer be working with Nevada tickets. In a sense it just won't be worth their while. There is a certain expense that they incur. There is a certain kind of responsibility that they take. They do interfere with their primary business in terms of selling Nevada tickets and if there isn't a certain traffic there, it's not going to be worth their while. I think that would affect many small charitable organizations that are perhaps only looking for the help of \$300 or \$500. This would be lost, because I don't believe this money is coming from the provincial government by making an application.

I think it also means, at least for the educational system, that there are many great opportunities to form meaningful partnerships in the community that will be lost. In education, the provincial ministry has been

pushing these partnerships and Nevada tickets have made it possible for businesses — and, again, even the very small businesses like the corner store — to share in a very important way, and in a real way, in the life of a school. I believe that if Bill 75 is passed and Nevada ticket sales are diminished, so too would these partnership opportunities be diminished.

The negative effects of passage of Bill 75, in my view, on local charities and non-profit organizations such as schools is a certainty because of the way in which the elements of the economic system that surrounds them operates. Right now, the way I see it, and I am no expert here, in the community of Sudbury there is a certain percentage of money earned in the community that is spent, for example, on Nevada tickets. Now we look at how that money, at least from the municipal licensing, is apportioned. Well, the municipal government in Sudbury gets part of it, the businesses and outlets get part of that money, and the rest of it goes to charities. In turn, that money is reinvested in the community by the people who are in the community, and the cycle begins again.

If VLTs are introduced, I think we have a whole new system. We diminish the variety of outlets that are going to be selling Nevada tickets, for the reason I stated earlier. We have new partners, if you want, in the sharing of this money, and the partner who's going to get the lion's share is not even a partner right now. So 80-plus is going to go to the government and then the rest will be divided among businesses — and again, I think many small businesses will lose out here — and some charities. I think the variety of charitable organizations now receiving money from Nevada tickets will be greatly diminished. Someone looking for a couple of hundred dollars, \$300, \$500, probably is not going to go through the bureaucratic system. And even if they did, the chances of those charities getting their \$200 or \$500 I don't believe is a very good bet.

Again, I think just as partner to the system that we have now, we have a kind of one-on-one system. It's face to face. We're talking to the people we're dealing with. We're reaching agreements and real partnerships with these people in our own community. What happens in the new system? Everything is done at long range. Again, there is a whole bureaucracy we would have to wade through. There's loss of all of that personal contact; there's loss of control. I just don't think it's a very good situation.

In summary, I suppose I would say the introduction of VLTs into the community is a negative economic factor, and that has negative consequences for many charitable and non-profit organizations presently receiving moneys from sales of Nevada tickets. Specifically, as a school principal, and for the reasons I have put forward, I do not support the passage of Bill 75 because I believe it will negatively impact on the schools by ultimately diminishing many important curricular and co-curricular learning opportunities we are presently able to offer to our students through the sale of Nevada tickets. Thank you.

**The Chair:** We have three minutes a caucus.

**Mr Ramsay:** Thank you very much, Mr O'Malley, for your presentation. I share all the concerns that you've brought forward to this committee today. I think one that



the government members should listen to is that basically schools haven't been looked upon as being traditional charities. In the good old days of big government spending when there was money there, schools didn't have to rely on the work that you have to do today to supplement your revenue so that you can still provide those extracurricular activities for the school children. So you have to do this, and that's sort of the reality, but you do have some tools at your disposal and you've talked about those and Nevada is one of the main tools.

In this case, we know from other jurisdictions that the introduction of VLTs will eat into those revenues and I think we should be putting the government members on notice to say, "Why doesn't the government build an amendment into the bill that would guarantee?" Then charities that would lose their revenue from the sale of Nevadas would at least guarantee that revenue then would be supplemented, equalized by the money they're going to be raking in and taking out of the community, literally sucking out of the communities, that \$120 million or whatever would go back to you so that you could continue those sports programs for the children. Maybe that's the type of thing we should be looking at. Would that give you any more comfort if you knew that money would be there?

0940

**Mr O'Malley:** There certainly, as far as I know, haven't been any definitive plans. I don't even know if there have been any definitive studies. I certainly have not seen them. I know there has been talk about enabling legislation, but this always scares me because all that means is it enables the government to do what they want. It's enabling, but for whom?

I suppose just at this point I don't have a lot of confidence in something that is going to be at such a distance from me because in a way, when it's face to face, you have some control over those things that are happening and you have some control over, in a sense, the moneys that you would be able to raise by talking to people and going to see people. I don't believe that would be possible with having to make application through some form to a government, someone who doesn't know me and it's only a piece of paper and who knows what kind of mood that person is in who is reading my application on that morning.

**Mr Ramsay:** I appreciate that, and I just hope the government members get that message, that you who with other organizations do a lot of good in your own communities, are now crying out to the government to say: "Don't take these tools away from us. Let us carry on the way we are." At first it was a struggle, but now you have developed a system where you can get the revenues you need to provide the services for the people you care for — in this case, it's school children.

I think on our end we're going to have to think about doing something to give you some sort of comfort there because I understand your fear that these tools are taken out of your hands, therefore you don't have direct control and will be dependent on a handout in the future. Hopefully, you'll get a handout so that the kids can go to these sporting events. Thank you very much.

**Ms Martel:** Thank you, Pat, for coming in this morning and for giving the committee members a per-

spective from those who are involved on the educational side. Let me go back to your comments with respect to what is provided as a consequence of the partnership that you have with some of the charities and the revenues that then come from Nevada sales. You told this committee that some 30 athletic, co-curricular activities are provided at your school right now because of the revenue that comes from your partnership with the charities. Is that correct?

**Mr O'Malley:** We definitely would be able to offer a co-curricular program in the phys-ed area, but we would not be able to offer the number. If I look at the moneys we have spent, for example, last year in our phys-ed co-curricular program, there may have been three, four or five teams that we would not have been able to maintain because we would not have had the budget without moneys from Nevada sales.

**Ms Martel:** How many students do you think benefit directly because of that partnership and because of the funds that are raised that are given to you to allow them to participate in this way?

**Mr O'Malley:** Just in the extracurricular program, we're looking at five teams. It could be anywhere up to 120 to 150 kids whom we are directly working with over a period of anywhere from six weeks to two and a half months.

**Ms Martel:** Why do you think that kind of participation in those activities for students is important?

**Mr O'Malley:** It's extremely important. One of the things I would say is that in all of the studies we have looked at and read and the kinds of things that we attempt to offer to our kids and other schools in the province, every school that has been identified as an effective school has had an extensive and active co-curricular program — every school. What I am saying is there is not one school that has been designated an effective school that has not had an effective co-curricular program. It's an absolute must in terms of the holistic look at where kids are and how we want them to grow. It's absolutely essential.

**Ms Martel:** Mr O'Malley, I think you're quite right that once this scheme is introduced, because the government will no doubt have its way, then your students are going to suffer because I don't think there's going to be anyone who's going to be able to fill in the gap and I certainly don't think you can expect more education funding from this government, despite the election promise they made around education. I think you're quite correct. So what happens to the students at your school? What happens to the teachers who take part of their time and do this over and above all the other good work they do in the community? What do you think's going to happen to all those programs and all of the benefits that we have seen so far because of this partnership?

**Mr O'Malley:** I think the bottom line is they're going to disappear. For example, last year there are those four or five teams that simply would not have existed. There are all kinds of other costs including perhaps uniforms and equipment and all of those other peripheral costs, but I was just looking at transportation. We would not have been able to afford to call a bus to take our kids to another school to play a game.



**Ms Martel:** Do you think it's worth it, Mr O'Malley, in what the government's trying to do, which is really to bring in the revenue, to rake it in from the communities — because 80% is going to go back to them, whereas the majority is now spent in the community — is the social cost and the cost to your kids who participate now really worth it?

**Mr O'Malley:** Certainly from my perspective as a member of this community, no, it's definitely not. I think any municipality would be foolish if there were any way in which they could keep these machines out. I believe in some provinces the municipalities have passed bylaws that do not allow machines into the community. That would be the road I'd be looking at.

**Mr Ron Johnson (Brantford):** Thank you, Mr O'Malley, for your presentation. You made some good points that I know we're going to take under some very serious consideration. I do have a couple of questions, though.

Your big concern, at least what I'm getting as your big concern and what seemed to be the gist of the conversation you just had with Ms Martel, is that the drop in revenue from your Nevada tickets will in some way affect extracurricular activities at your school. My question is, and I know that Mr Piché before you had the same concern about drops in revenue for Nevada sales: What information or what studies or what is it that you have read that I haven't that would indicate that you will see a drop in revenue from Nevada sales? There is extremely hard, concrete evidence to suggest that will not happen.

**Mr O'Malley:** I have read that in Alberta the sales from this kind of ticket have meant a drop in revenues. As I indicated, I'm no expert at this and I have not read a lot of the studies, because I haven't seen them; at least they haven't been made available, or at least easily made available, that I've been able to see them.

It seems to me that the logic is there. If you have a community that is now in an economic system, working with 100% of the revenues, suddenly changed to an economic system where it is now working with 10% or 15% of the revenues, how can it possibly be doing the same thing?

**Mr Ron Johnson:** It's interesting that you brought up the Alberta example, because that's the one I was going to bring up to you. In fact, studies in Alberta clearly show that Nevada sales did not drop as a result of the introduction of VLTs, not one dime. I think it's very important for you to understand that. For those who have concerns about Nevada sales dropping, there's concrete evidence to suggest that will not happen.

Your other concern was that it seemed that everything now was going to be at arm's length, that you somehow had to make application to the province for funding, that charities would no longer be able to do the kind of good work in terms of fund-raising that they do today. Again, I don't understand that concern, because as it stands right now this bill does nothing to take away from the work that charities are doing to raise money. They can still use Nevada sales to raise money; they can still use their bingos to raise money. They can still do all the other things that they're currently doing to continue to raise funds.

This really is just one small addition — that's all it is, a small addition — to the gaming market that will ultimately allow charities to generate even more revenue, ie, 10 times the amount of revenue generated for charities under the charitable gaming casinos. They will generate 10 times what they get now. That's a significant impact on charities.

**The Chair:** Sorry, Mr Flaherty, we have run out of time. Mr O'Malley, I thank you very much for taking the trouble to come before us this morning. You've been most valuable.

**Mr O'Malley:** Thank you, sir.

0950

## SUDBURY DOWNS

**The Chair:** Our next presentation is Sudbury Downs, Mr Ken Le Drew, manager. Welcome. Good morning to you. You have 20 minutes, including questions. I'd ask you to proceed with your presentation.

**Mr Ken Le Drew:** Good morning, Mr Chairman and committee members. My name is Ken Le Drew. I am general manager of Sudbury Downs, a privately owned division of MacIsaac Industries Ltd. On behalf of my company we would like to thank you for this opportunity to present to you today the position of Sudbury Downs and our concerns with respect to the introduction of video lottery terminals in northern Ontario.

First, Sudbury Downs is supportive of Bill 75 as it provides for the legalization of video lotteries at racetracks. We feel that gaming is a socially acceptable form of entertainment.

I also believe that video lottery terminals at racetracks will provide a legal alternative to grey market activity and that revenues, as with other legalized gaming sectors, will then be funnelled to the proper destinations: the government, legal taxpaying business, charities, and educational programs to offset the effects of compulsive gambling.

In addition, we think that video lotteries at Sudbury Downs are a natural venue. Our customers will have the opportunity to enjoy a variety of gaming/sport entertainment activities.

Sudbury Downs has had a long-standing record of integrity in the community as well as with every level of government. We especially feel that existing regulation of Sudbury Downs by the Ontario Racing Commission provides a useful mechanism to check on the background of employees associated with video lotteries, ensuring that the same integrity is maintained.

We are confident that charity events will congregate at Sudbury Downs. We have already received a number of requests from charity groups seeking revenue sharing. To ensure that everyone benefits, the horse racing industry is reaching out to established charities to create permanent charity halls at racetracks across the province, and Sudbury Downs is enthusiastic about being a part of that program. We are confident that the government will see the wisdom in this and assist the industry in that implementation.

Twenty three years ago here in Sudbury the late J.C. MacIsaac, an avid horse racing enthusiast, a well-known

and respected citizen in the community and a successful mining and tunnelling contractor, was approached by local horsemen with an idea that he invest a sum of money into the construction of a modest grandstand that would house a limited number of racing fans at the old Trotter Park. He responded not with that but with a vision, and that vision included a first-class racing facility which was to include a modern, glass-enclosed, climate-controlled grandstand complete with a formal dining room and a licensed lounge.

He coupled that with the construction of a stabling area with large, well-ventilated barns that accommodated 350 horses in what is still considered in the industry today to be among the very best facilities in all of North America. Many newspaper and trade magazine articles document the showcase facility that was built in the small northern Ontario community of Chelmsford that, on the day it opened, included a large, well-stocked tack shop, two farrier shops, a complete veterinary clinic with modern, up-to-date operating facilities, and a therapeutic swimming pool for horses.

Obviously the hobbyists in the local horse racing industry were delighted. The municipal government of Rayside-Balfour was ecstatic with this new job creation industry delivered on their doorstep which was to produce revenue from taxes that would exceed \$2.5 million over the next 22 years. It held out great promise for success, and this new racing venture attracted horsemen and horsewomen from all across the country, many of whom stayed in the Sudbury region and made their homes here.

The horse racing industry, in particular Sudbury Downs, has long felt the need of opportunities to expand its gaming entertainment market. During the past 25 years, bingos grew out of one night a week in church halls into a seven-day-a-week, 12-hours-a-day operation, in our case against a twice-weekly, four-hours-a-night racing presentation. Mind-boggling, multimillion-dollar lotteries, scratch tickets, rip-open tickets and the like dealt crippling blows to the local horse racing industry already challenged with the competition for disposable entertainment dollars by adversities such as major mining employment reductions, resulting in record numbers of unemployed in our area and the depletion of available disposable incomes.

It's interesting to note that many of these new forms of gambling entertainment required very little or no commitment at all, and in many cases nothing more than large rented halls, signage or counterspace with little or no long-term investment. Significant too was the fact that the horse racing industry saw its share of the gaming dollar shrink from 87% to 11%.

We would like to point out to the committee that Sudbury Downs was constructed 23 years ago at a cost of several million dollars. That was a major commitment to the community and the local horse racing industry. In addition, these rising new forms of competition witnessed Sudbury Downs experiencing substantial losses over the next 23 years, but we remained committed to the community and to the local horse racing industry. We were and are committed and we allow our reputation to speak for us. We have a clearly visible and considerable investment at stake.

In addition to the 15,000 to 25,000 illegal video lottery terminals in this province, there are other forms of illegal gambling. For example, Internet now offers numerous and varied online wagering activities for anyone willing to play. These operators are often based offshore and the money flows out of the country instead of being retained in Ontario. Illegal operators are not subject to the regulatory controls to which the Ontario horse racing industry and other established legal gaming operations are subjected. All of these have seriously challenged Sudbury Downs's marketing opportunities.

Bringing us back to focus, Sudbury Downs is a gaming entertainment facility and as such embraces the pending video lottery opportunity to revive our on-track horse racing activity. We envision new life into our horse racing operation, more live racing dates and increased purses, and that will encourage more local ownership and attract other horsemen to our community.

We have a vision of prosperity for local business, a vision of prosperity for our local feed and tack suppliers. We envision new jobs, perhaps as many as 12 full-time and maybe 100 part-time employees, not to mention the additional stable help that might be required from an additional horse population. We picture Sudbury Downs as a gaming entertainment showplace featuring more horse racing, either live or via teletheatre, seven days a week. I would like to emphasize that horse racing is our primary business and it is our major focus of revitalization. We see a full-time charity hall, video lotteries, all in a controlled, government-supervised and licensed environment where patrons have made a conscious decision to go to an established gaming amusement centre. We sense a whole new dimension of community involvement through association with various bona fide charities, but our vision stops short, halting with some very real concerns.

Sudbury Downs is quite unique with respect to the Ontario horse racing industry. Although the allocation of video lottery terminals to our racetrack facilities would provide excellent support for the racing industry in our local surroundings, this type of limited distribution may not provide effective coverage to locations beyond our track community. We are the only racetrack in northern Ontario, and the obvious distances across the vast north prohibit access to Sudbury Downs to a great majority of northerners. Markstay, Marathon, North Bay, Kenora, Thunder Bay, Parry Sound and numerous others would not benefit from the opportunity to play VLTs and the government would not benefit from effective provincial coverage.

Sudbury Downs has a system of teletheatres strategically located throughout northern Ontario which would bring horse racing to communities that otherwise would not have it. They are, through federal regulation, a full extension of our Sudbury Downs racetrack, complete with mandatory Ontario-government-licensed personnel and subject to the very same laws and regulations of the Ontario Racing Commission and the Canadian parimutuel agency division of the federal government as the onsite racetrack.

We feel that for all northern communities to benefit from this type of entertainment within a limited and



secure environment the distribution of video lottery terminals into our extended arm teletheatres is a must. This would provide effective support for our horse racing activity while maintaining the gaming activity in each community within central, controlled, limited locations. Thereby the novelty of playing VLTs would remain a conscious decision, addressing the concern of impulse play, and remain an added feature to those visiting a location for horse racing and VLT gaming entertainment.

Capital and other operational setup costs have limited our teletheatres to major northern Ontario communities. However, the allocation of VLTs to offtrack wagering locations will provide Sudbury Downs with the opportunity to expand to numerous other communities throughout our northern region. Patrons wishing to play the VLTs would be required to attend the teletheatres, and that would ensure that they are also exposed to horse racing. Gaming thereby would remain a form of entertainment in the province, rather than an imposed habit through massive distribution and exposure.

#### 1000

We feel that because of the unique geographical circumstances of servicing the vast northern Ontario region, VLTs introduced onsite at Sudbury Downs and into our extended teletheatre arms would be beneficial to the future of northern Ontario horse racing, while at the same time avoiding the potential adverse socioeconomic consequences of massive VLT distribution. We hold as a serious concern the irreparable damage suffered to our northern Ontario horse racing industry should VLTs be deployed on a massive scale at non-teletheatre sites. This situation has been documented in several other jurisdictions, including most recently the province of Manitoba.

We are also concerned that a massive distribution of VLTs into a multitude of sites across the province could lead to the creation of serious, adverse socioeconomic consequences that have been experienced in some other jurisdictions. We believe the government has shown great wisdom and patience by adopting a staged implementation program that would evaluate results before proceeding to the next step. Sudbury Downs and its teletheatre network in northern Ontario can provide complete coverage of our part of the province in controlled, regulated and limited venues, without risking the creation of negative social consequences.

We respectfully ask of the committee that these concerns be thoroughly considered and addressed when drawing your conclusions and making subsequent recommendations to the government. I hope that our position, which may very well be unique within the industry, is more clearly understood.

I wish to thank the committee once again for giving Sudbury Downs the opportunity to air our concerns.

**The Chair:** Thank you, Mr Le Drew. We have two minutes per caucus. What is a farrier shop? I'm unfamiliar with the term.

**Mr Le Drew:** Blacksmith shop.

**The Chair:** Thank you. Each caucus has two minutes and we start off with Ms Martel.

**Ms Martel:** Thank you, Mr Le Drew, for attending this morning. If I recall, during the discussion on casinos, Sudbury Downs was very much opposed to the introduction of casinos in the province. Is that correct?

**Mr Le Drew:** No, I wouldn't stand that as being correct. In fact, if I may add to that, the initial response to casinos by the entire horse racing industry was negative, yes. In the very first instance, and I would call it a knee-jerk reaction, I would say yes. But it didn't take very long for the horse racing industry to come to the conclusion — and Sudbury Downs, I think, is on record as being the first racetrack in the province to realize that the benefits of casinos in the province would be at racetracks. We felt it was inevitable that the situation was going to transpire, and I believe that subsequently the entire horse racing industry had come to that conclusion.

**Ms Martel:** So the casinos were okay as long as they were located at racetracks, but if they were not located at racetracks and somewhere else in the community, that was not on. Is that correct?

**Mr Le Drew:** Not exactly in the terms that you're referring to. I would clarify it this way. We felt, as we do incidentally with the VLTs — I'm not sure that we agree nor any of the racetracks agree that just a rampant distribution of VLTs would serve anybody, let alone the communities, and we're a small northern community. But more important was that if these things were going to come, we believed they should be in a controlled environment. We also believe that because the racetracks have a long-standing history of regulation with the government, we felt that certainly the racetracks would be an ideal venue.

**Mr Flaherty:** Thank you, sir, for coming this morning. We are in the 10th day of these hearings and we have heard a number of quite serious and helpful presentations, including yours this morning, from community groups, from racetracks, from the hospitality and tourism industry.

I know the committee is listening to the representations. I would hope that Mr Kormos is also. Because of the antics that we heard earlier this morning, I have my doubts, particularly when he attacks the credibility of a witness who gave evidence 10 days ago, with which I gather he disagrees, and he does it behind his back. This is the vice-president of the Addiction Research Foundation, Dr Robin Room, who disagreed with Mr Kormos and who said, "I don't think it is an appropriate term"; that is, the term used by Mr Kormos publicly about "the crack cocaine of gambling." He disagreed with him. Now Mr Kormos attacks him 10 days later behind his back and attacks his credibility.

**Mr Kormos:** I've been attacking him for the last 10 days, Flaherty. Listen. Perk up.

**Mr Flaherty:** It is a cowardly thing to do, to attack a witness not when they're before the committee but later.

**Mr Kormos:** Victimize poor people, working people, with the slots —

**Mr Flaherty:** We take this seriously. I know Mr Kormos is concerned about working people, so let's talk about work and let's talk about unemployment in Sudbury.

**Mr Kormos:** Let's talk about job creation. Be honest about that.

**Mr Flaherty:** Let's talk about how many people work at Sudbury Downs.

**Mr Kormos:** Tell them what Ivan Sack had to say.

**The Chair:** Mr Kormos, you are taking time from the people who will be —

**Mr Kormos:** I'm prepared to stay here till 8, Chair, aren't you?

**Mr Le Drew:** Thank you very much, Mr Flaherty. At present, if we take a look at the structured employees at Sudbury Downs, we have in our employ some 45 employees. That does not take into consideration the 250 to 300 people who are involved in backstretch activity at the racetrack. It's worth pointing out, as I had attempted to do in the presentation, that prior to the implementation of many of the other forms of competition in gaming that have surfaced over the last 25 years, Sudbury Downs' staff was entirely different in its structure. We at that time employed 20 full-time people. We employed 125 part-time people. We employed on the backstretch facility at Sudbury Downs nearly 400 people in various positions working with the horses. At that time in fact, it's worth pointing out as well, our barns were full at Sudbury Downs. We had 350 horses. Today we're lucky to draw on a horse population of 125. We have a large facility worth developing.

*Interjections.*

**Mr Crozier:** Thank you, Mr Le Drew, for your attendance this morning. I'll try and speak above the din. I was interested in your comments, sir, where you use the words, and I think appropriately, that you didn't want the province to impose a habit "through massive distribution and exposure," and you use later the word "rampant" to describe it. I think both of those descriptions are appropriate because to the extent that we support the agricultural industry, the employment that racetracks provide, the security they can provide, on the implementation of VLTs, if they're going to be anywhere in the province, that's one of the places we would support that they be placed. I would like to know if you've given consideration, for our information, to what effect they may have on your live handle, though.

**Mr Le Drew:** You're referring to having VLTs at the racetracks and how much money would be channelled through what I think has been commonly referred to in the industry as cannibalization.

**Mr Crozier:** Cannibalization, yes.

**Mr Le Drew:** We really don't have a clear understanding. We have nothing to go by. We've heard figures that have been expressed in terms of 25%; other people have said 40%; some other people have said 15% to 20%, but we really don't have anything to go by. What we do have is a vision. We have a vision that in the total picture of our expansion, the revenues that would be generated through that would offset — and that's an important thing for us. We're not sure, and at the present time our group, the Ontario horse racing industry, is still into debate, if you like, or consultation with the government with respect to the percentages that are put forth in Bill 75.

**The Chair:** I thank you very much, sir, for your attendance here today.

KEN LILLEY

**The Chair:** Our next presentation is made by the distributors of open tickets, OLC retailers, Mr Ken Lilley,

president. Good morning, Mr Lilley. Please proceed with your presentation.

**Mr Ken Lilley:** Good morning. Thank you for inviting me. My name is Ken Lilley and I thank you for providing the opportunity to express my thoughts on Bill 75 as it relates to my industry.

*Interruption.*

**The Chair:** Fine, thank you. Could we increase the volume slightly?

**Mr Lilley:** I've been employed in the Ontario gaming industry since July 1975, 21 years. I remember Marshall Pollock as the first CEO of the Ontario Lottery Corp back in 1975. Wintario and Super Loto were the only games in town back then and we in the distribution business received a memo from his offices directing us that under no circumstances could we open liquor-licensed accounts. That means no bars were allowed to sell Wintario tickets. Combining alcohol and gambling was never to be condoned by the Tory government or the OLC in 1975, and yet here we are today to consider Bill 75, which would marry alcohol and gambling into one large and fetid family. Drinking, smoking, gambling, bars, restaurants — those words all seem to flow together nicely, but so do substance abuse, addiction, child neglect and family breakdown.

1010

As we can see from Casino Rama's debut, Ontario children could well be the fallout of gambling in Ontario. Governments should act as heads as families. They should set good examples for the whole family and they should not just please themselves. Bill 75 must not pass third reading. Godfather Mike promised before the election that he would not — clearly not — introduce VLTs if given a mandate. I was one of many who helped give him that mandate for this very reason.

Minister Sterling, who it seems has already moved on to greener pastures, informed Charities First Ontario in writing shortly before the budget speech that VLTs would not — repeat not — be considered without study and consultation in the budget speech. These are words, but the minister's and Premier's actions were the exact opposite. This is a broken promise, and before Bill 75 is passed, I want a referendum so that the people of this province can redirect the Premier. Maybe he and his government don't care if his kids hang around parking lots while he gambles, or perhaps he just doesn't care if yours or mine do, as long as he and the restaurant business are making money.

No sociological impact study has been trotted out by the government to show positive impacts of this legislation, because there are none. Bill 75 must not pass, because this type of gambling preys on young people. A new generation weaned on false hope will breed cynicism and despair, and this will be Mike Harris's legacy. People will not remember that they got a \$100 tax rebate, but they will surely remember that their son or daughter lost their house or family due to slot addiction.

Lack of competition in any industry is unhealthy. In the first years, the feds and provinces battled for lottery market share before, and before capitulating the feds tried to come back with an instant ticket, a baseball scratch game. The Blue Jays were new at that time. The OLC



had a new scratch game too, and they were going to pay 5% to retailers, but with the threat of competition they hurriedly agreed to meet the competition and pay 8%. Even back then they threatened retailers and told them to choose between the feds' products and their own; we could not sell both. I wonder how many retailers know that they owe a debt of gratitude to the federal government.

Two other games sprang up. Pot of Gold and Cash for Life both fared well, but the province chose not to renew their licences. These strong initiatives were treated as disposable by the Tory government. Competition was again eliminated, and so it stayed until break-open tickets sprang upon the scene. Charities and retailers in the north, and eventually all over Ontario, combined to offer a starved public an alternative to OLC products. In five years this industry, which was mostly unadvertised and under attack by lottery personnel immediately and continuously, managed to grow to its present level of sales, which is \$1.4 billion in 1995. I believe in Alberta in 1995 they did \$61 million in sales. They don't even deserve to be spoken of in the same breath as our industry.

The OLC boasts sales of \$1.9 billion in its 1995 fiscal results, and these figures were achieved over 20 years using big-bucks advertising and million-dollar jackpots. So why would a product offering only \$100 prizes be so popular and frighten the government-OLC? There are two reasons, as I see it: A total prize payout of 73.6%, which the OLC can't match, and the fact that retailers pay out approximately 500 break-open ticket prizes of \$100 for every one \$100 prize paid out on the Instant scratch games of the OLC. This may not seem realistic to those people who are not consumers of our products, but I can tell you that our customers figure this out quickly and sales reflect the realities of the marketplace.

What appeals to people to play Nevada tickets? I think it's the fact that you're a player. You approach a seller, size up each box of tickets visually and then try and determine how many winners are left in the box. This helps the player to determine just where they will get their best bang for their buck. With VLTs or slots, the odds are randomized every millisecond, but most people don't comprehend this. It's human nature to feel that if you invest in something you should be rewarded. When we open a box of break-open tickets, we can guarantee our customers that there are 224 winning tickets in the box, there are \$800 in prizes in the box, and there are five \$100 winners in the box.

Recent changes by the gaming commission prohibit us from advertising these facts. But we are encouraged at the same time by OLC reps who post large jackpot alert signs showing guesstimated, not guaranteed, jackpots for 6/49, Super 7, Lottario and any other products they have to offer.

When you consider the odds and the number of terminals in the province, we will sell a jackpot winner for the OLC about every 200 years. Often OLC jackpot signs are left inaccurately on major Ontario highways for up to a week. Retailers are sick of the pretentious double standards offered by the gaming commission. We who have had a large hand in building this industry are

portrayed as less than honest and yet the government-OLC is given a free hand to do as it pleases.

Bill 75 will make it a crime for us to post the number 5 on a box of Nevada tickets. It's not a criminal offence to display completely inaccurate information on the jackpot alert sign above us. Is this what we call Ontario justice? Did you know that losing government-OLC scratch ticket symbols are the same as those on major prize winners? It wasn't always that way. Remember, only one in two million wins the grand prize, and although all prize money is supposed to be paid out eventually, the OLC has a vested interest in encouraging customers to throw away winning tickets because they get to keep the interest earned in the two years the people have to claim these prizes.

As retailers in the lottery business, we have supported both government-OLC and charitable gaming. Government-OLC products have remained strong despite competition and yet they still continue to lobby to pass bills like Bill 75 which are designed to destroy competition and provide low-quality products for the consumer. It's no surprise that so many people in Ontario and even on this panel have dissociated themselves from the Ontario gaming industry products. By creating a monopoly in this province and using the gaming commission to suffocate new ideas from entrepreneurial minds, the government-OLC continues to trot out boring, tepid reruns and inferior new products. In this way, it tries to herd the captive Ontario market to the slaughterhouse of its choice.

If Bill 75 passes, the government-OLC will expect the Ontario public to embrace VLTs and give up the old games it has gone out of its way to deflate. Do you remember the OLC ads that for years claimed that all Instant odds were better than one in four? Well, the odds went up. After years of providing a continuous message, much like a promise or guarantee, they quietly change the odds in their favour, and you can bet that the same thing will happen with VLTs. No warnings will be given. It's buyer beware.

It's quite evident that the decision was made in concert with a master plan for Bill 75 as they have not provided any bonus games in 1996 nor are any planned. The government-OLC will gladly sacrifice this small part of the business if they can capture most of the break-open market and the many new players who will be attracted to the excitement of the world of electronics.

Let us look at who will win. The provincial government will capture the revenues currently generated by break-open tickets. Under current regulations, the government does not receive any money at all for municipally licensed sales. Ninety percent of this money would now flow through government VLTs to provincial coffers. Bar and restaurant owners would initially receive 10% for allowing the government-OLC to set up this lucrative network.

Please always keep in mind that Bill 75 is enabling legislation. Once this bill passes third reading the government-OLC is free to place these machines anywhere they see fit and at any time they choose. It's been said by the finance minister that VLTs will be implemented in stages: first, racetracks — racetracks think that's a great idea — then permanent-site charitable casinos — racetracks don't



mind that too much either, a lot of people agree with that. Finally, after careful evaluation, he says, they may activate stage 3 and put them in licensed establishments or even bingo halls. Yeah, right. Where does it say that in Bill 75?

1020

Parry Sound, home of the finance minister, does not want VLTs. This to me is a very significant point. Many municipalities have shown clearly and strongly that they, like Parry Sound, oppose this bill, but the government itself smells the money and is prepared to disregard people and override their wishes.

I'm sure that the hotel association could provide no end of important studies, much like Marshall Pollock's Alberta graph, to extol the virtues of "smerging" steps 1, 2 and 3 into one stage. Remember, the government-OLC has already said to expect 20,000 VLTs to roll out in October of this year. Where are they going to go? The charitable casinos have not been determined and in some cases may even have to be built. These machines would come straight into our communities and each one will drain at least \$25,000 from the local economy.

Ivan Sack, editor of Canadian Casino News, says that in Alberta the provincial return is \$61,000 per machine. Any way you look at, we're talking billions. Let there be no mistake about numbers of machines destined for this province. New Brunswick has 3,714 machines as of March 31, 1996, to serve a population of about 700,000. It will not take long for the government-OLC to roll out 60,000 VLTs in our province to disservice our population of about 12 million people. That's right: I said 60,000; 20,000 is only a start. The government-OLC takes pride in being a leader in their industry.

In case you haven't noticed, the government always needs more money. Don't be fooled by politicians' words. Bill 75 places no limitations on the number of machines allowed in the province, nor does it govern the speed at which the machines are set to extract the patrons' cash. These details would all be worked out over time, once the storm of public opinion blows over. I guess you call it fine-tuning.

On a smaller scale, let me explain how Bill 75 would affect my retail business and many of the other 17,000 retail lottery outlets in the province. We, as lottery kiosk operators, face extinction. All our leases and wage expenses are predicated on past sales results. Unlike most businesses, we are unable to bring in new products to replace revenues legislated away by the government. We're only allowed to sell products authorized by the OLC or Ontario gaming commission, although many competitive break-open tickets exist with much more attractive prize structures. Just ask the first nations people.

We're stonewalled by the gaming commission in order to protect OLC market share. Our hands are always being tied. We never have a level playing field. Although our business operates in other parts of Ontario, Sudbury represents an important foundation for us. Let me review some of the losses that passage of Bill 75 would offer the city of Sudbury: 732 licensed Sudbury charities and non-profit organizations will be seeking new ways to fund-raise; a Sudbury pie of \$8,300,000 will be slashed in half,

if we're lucky; the rich fabric of volunteer services will become tattered and torn as frustration at losing autonomy sinks into the community organizations.

Who are these people we're talking about? I'll tell you, they are schoolteachers, members of the YMCA, canvassers for Heart and Stroke and your local little league coaches. These people will be thrilled to know that Godfather Mike would be one step to creating Las Vegas North if Bill 75 were passed. These people would have to line up in Toronto to fill out forms to apply for the annual provincial lottery to see which not-for-profits qualify for a Harris handout. By the way, if you lucked out last year or the year before, you would not be eligible to apply. That's the scenario we are going to face if Bill 75 passes.

Two hundred and seventeen provincially licensed break-open ticket outlets in the city of Sudbury alone out of 9,520 in the province will see their revenues snuffed. In our case, 35 local jobs will be at risk. We've been an employer in this community since 1986 and we do not want Bill 75 to steal our business and decimate our community where we raise our families.

Bill 75 makes it a criminal offence to break any of the terms and conditions laid out by the Ontario gaming commission. This means that most sellers will risk being in violation almost every day and therefore face potential criminal charges daily. How so, you might ask? One of their rules states that when half a box of break-open tickets is sold, the vendor must — and "must" is the key word in this sentence — add another box of tickets to the container holding the tickets. If the vendor forgets or is busy doing something else in the business at the time, then they run the risk of being fined up to \$250,000 if they're a corporation.

In case you think this only applies to break-open tickets, I'll read you an undated letter recently received from the friendly Ontario Lottery Corp:

"This is to advise that on June 13, 1996, the Ontario government introduced legislation that will make it a provincial offence to sell a lottery ticket to anyone under the age of 18. We anticipate that it will receive final approval this fall when the Legislature resumes. Individuals convicted of an offence would face a maximum fine of \$50,000 and corporations a fine not to exceed \$250,000. Police agencies throughout the province will be responsible for investigation and enforcement of reported violations. Currently, the OLC act prohibits the sale of lottery tickets to individuals under the age of 19.

"The OLC will continue to assist police by providing them with information about reported incidents. We are taking this opportunity to ensure that all our retailers are aware of the government's commitment to punish those who do not adhere to this proposed law. The OLC is confident all retailers will strictly observe this proposed law."

That's the end of the responsibility as far as the OLC is concerned.

As one of the 17,000 lottery retailers in this province, I would like to point out that we do our best to avoid selling to minors. We make 5 cents on each 6/49 ticket or Pro Line that we sell. Obviously, we need to make thousands of transactions daily just to pay our bills and



as a father who is blessed with a six-foot-tall, 17-year-old son who has a passion for sports, I can tell you that it is not easy to comply with these rules 100% of the time. It seems unfair that the government OLC can dump this responsibility on vendors and walk away scot-free themselves.

Bill 75 has the potential to make 17,000 lottery vendors into criminals and we want Bill 75 to be defeated. Any bill which asks its citizens to live in fear and face entrapment is bad legislation and should not be passed.

Mr Marshall Pollock, on behalf of the Ontario Video Gaming Corp, told the government what it wants to hear. He says you have to be predisposed to become addicted to VLTs or slots. This man is an expert on impulse sales and has spent many years honing these skills.

VLTs are like coffee outlets or fast food locations. Very rarely are these locations final destinations, but when we see one we often stop and spend a little time and money. For those people he describes as predisposed to be addicted, it will not be much fun to live in Ontario. We will no doubt be surprised to find out that these people have been living among us for a long time and did not even know it. Perhaps they're friends and neighbours or even members of our own family.

Las Vegas North brings many negatives to our province; crime will continue to accelerate, grey machines will not go away. The government has chosen to reward the Ontario Hotel and Motel Association for admittedly breaking current provincial law. Perhaps that's because Godfather Mike and his government have found that there's more money in gambling partnership than there is in enforcement of current law, especially when you have a 90-10 split.

There's nothing in the bill which guarantees the 10% to the hospitality sector either. As I said before, Ontario lottery retailers have built the OLC for the government on 5% revenues and will not accept having our business legislated away and seeing the government slash OLC and pay twice as much to our competitors. The hotel association and racetracks which are excited by today's prospects may think very differently in the future if they find a new government chooses to reduce their revenues arbitrarily after they have their electronic systems in place. The OLC has a record of dealing with its distribution system in this manner: Start high and then whittle them down when the revenue taps are flowing.

I have one other question too. If the OLC is not going to own these machines, who will? Marshall Pollock fronts for a group that wants this opportunity. Who are his partners and who really stands to make big bucks in this carefully orchestrated sequence of events? Why would any citizen want to accept Bill 75 when we have no answers to these important questions? Minister Sterling, when asked about this decision, said it will be determined by an order in council. That is reason alone to kill this bill.

But to summarize, Bill 75 should be defeated because the Premier reversed his campaign promise and his minister did not tell the truth. Clearly a referendum is required to give new direction to this government. Bill 75 should be defeated because it will rot and decay our social structures by promoting false hope to our youth.

Bill 75 should be killed because it only offers rewards to the hotel and motel association who have proven through their actions that they're not law-abiding, nor do they have any roots in the charitable gaming or lottery business. Bill 75 should be quashed because as it stands it will potentially make criminals out of honest citizens.

To disregard these factors would indicate that provincial government greed is an overriding factor which makes a mockery of Mike Harris and his Common Sense Revolution.

**The Chair:** Mr Lilley, your time has elapsed and therefore, there's no time for questions. I thank you very much for your presentation.

1030

#### SUDBURY AND DISTRICT LABOUR COUNCIL

**The Chair:** We'll move on to the next presentation, by the Sudbury and District Labour Council, John Filo, president. The committee welcomes the member for Renfrew North, Mr Conway.

Good morning, Mr Filo. You are to be congratulated. I believe you are the only labour representative who has attended before this committee on this particular subject and the committee welcomes your attendance.

**Mr Kormos:** OPSEU was here damning the government for its failure to consult with the workers.

**The Chair:** I'm sorry, they were not dealing with this bill. They were dealing with another matter. In any event, please proceed, sir.

**Mr Ron Johnson:** Aren't they on strike?

**The Chair:** Excuse me, Mr Johnson. Please proceed, sir.

**Mr John Filo:** I'd like to take this opportunity to thank you for having me at this hearing and to welcome you to Sudbury. I see other people who have been here before — Tim and other people who are vitally interested in what's happening in our society — and although I'm here presenting as the president of the Sudbury and District Labour Council, I have to make it clear that my presentation focuses on the fact that I'm a parent, a citizen, an educator and vitally concerned about the direction in which our society is heading.

I've sat here for a few presentations and I've been really upset by the focus on funding, on money, as though money were the solution to our ills and our problems, particularly in this province. This province is an extremely wealthy province, it has tremendous natural resources, and as I go through my presentation you will see that in many ways it's a very retrograde and regressive way of raising revenues by the introduction of VLTs.

I want to start out by saying that I've had a considerable amount of experience in a variety of different countries, particularly developing countries, although I've had much experience in the United States, which can't be characterized as a developing country — or maybe developing into something we do not want. I want to point out to you that in all my international travels the countries worth living in you can count on the fingers of both hands. Canada is one of these countries, and the UN has consistently rated it as the best in the world.

What makes Canada so special? It's not our natural resources. Other countries have mineral deposits, for



example, that are richer and many times larger in size. Canada is favoured because it is politically stable, has a highly educated workforce with a strong work ethic and has a social system which has in place mechanisms for a reasonably broad distribution of wealth because we have recognized that although most of us are physically, emotionally and fiscally healthy, large numbers of our fellow citizens are not.

We've fashioned a compassionate and caring society by subscribing to the notion that we indeed are our brothers' keepers. The social safety net includes welfare assistance, employment insurance, workers' compensation benefits, Canada pension plan and OHIP, which incidentally contributed insignificantly to our province's and our country's debt and deficit. The high real interest rates created that.

Most of you are aware of Mimoto's work with Statistics Canada. I think the academic paper and the academic community agree that these things were not the cause of our debt. The social safety net is accompanied by enlightened legislation which in many ways acknowledges the imperfections of some of the members of our society. I wonder, however, whether we are adopting policies that will maintain or improve our quality of life, or if the current love affair with the free market will make us into a second-grade version of our neighbours to the south.

We do not allow individuals to drive at any speed they wish and without using seatbelts and to operate motorcycles without helmets. Drugs, firearms, alcohol, tobacco are all controlled to some degree. Gambling, however, seems to be less and less restricted because governments have abandoned the notion of running their business with progressive revenue-raising instruments, such as a graduated income tax and taxes on luxury items including luxury homes, and have instituted regressive measures, such as sales or consumption taxes, reducing benefits to the most needy and vulnerable and creating a whole spectrum of voluntary taxes through a variety of gambling games.

In the most recent United Nations development report, we learn that the total wealth of the world's 358 billionaires equals the combined incomes of the poorest 45% of the world's population, 2.3 billion people. On the average, the income of the population of two Torontos would equal the wealth of one of these billionaires. From 1960 to 1991, the richest 20% of the world's population increased their share of the total global wealth from 70% to 85%, while the poorest 20% saw their global share fall from a meagre 2.3% to a disgraceful 1.4%. By 1991, more than 85% of the world's population received only 15% of its income. In Canada, the increase in the share of the wealth of the top 20% over the 1980s to the present is as large as the amount of money required to eliminate poverty totally in Canada. Implementing the Harris government plans to increase the availability of gambling will further exacerbate the wealth distribution in our province.

That a lottery is a tax on fools is aptly illustrated when we recognize that if all the 14 million possible combinations of Lotto 6/49 were printed on one continuous ticket, the ticket would be 70 kilometres long; it would stretch

from Toronto to Hamilton. Picking the winning number would be equivalent to dropping a dart from an imaginary satellite orbiting the earth to land on this very long ticket, on the number you've selected. Winning is most improbable.

My personal exposure to gambling goes back to 1963 when I was engaged in mineral exploration in the state of Nevada. I suppose the first thing that struck me was that these high-rise, luxurious casinos were not built with the winnings of the patrons of the casinos. The second axiom that occurred to me is that all the games are straight, that is, honest. The odds so favour the house that cheating is not required. How many people who will play VLTs understand odds and how many in Ontario will know, for example, that on a poker machine a royal flush is dealt only once in 649,740 times, or that a full house or tight — three of a kind and a pair — occurs only once in 694 deals? To gain an increased edge on the patrons, the casinos supply free alcoholic beverages. Do patrons make proper decisions as to their participation rates in the gambling events as their level of intoxication rises?

Does anyone recognize the irony of the situation? A government that says we have no choice but to cut social spending and that we are living beyond our means and our children will reap the consequences is now contemplating the expansion of gambling. What material wealth is created? Nothing. No product, no widgets, just a reallocation of existing resources with the sponsor, the government of Ontario, taking its share off the top. Why isn't the government encouraging the practice of fiscal restraint and spending less on non-essentials instead of creating additional opportunities for non-productive activities?

What are the problems that will result from such ready access to gambling? This has been historically documented. I have here a clipping from the *Toronto Sunday Star* dated October 7, 1984. Tibor Barsony, executive director of the Canadian Foundation on Compulsive Gambling, is quoted as saying:

"It's a proven fact that the increased availability of gambling will increase the number of people affected. Large chunks of welfare and unemployment insurance cheques are going to lotteries. Those whose expenses are \$500 a week and whose income is \$400, they say, 'My only hope is to get it some other way,' so they spend \$300 on lottery tickets. We're taking away money from the poorest by building up an unrealistic hope that they can make it this way."

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This same article quotes McCormack Smyth, a York University social science professor, as saying:

"Lotteries are not just a regressive form of taxation, they're exploitive and a form of political violence. Lotteries are not an opportunity for the less fortunate because it is one they can't afford. In a free society, citizens are free from exploitation by the state. But lotteries are consciously exploiting the weaknesses of people."

In today's context, read video lottery terminals for lotteries.

What sophistry is attendant on the argument that VLTs must be introduced to counter illegal gaming activity



because of the existence of apparently thousands of illegal VLTs in place in Ontario, some controlled by organized crime. What a sound philosophical basis to enacting legislation and reducing criminal activity of any sort: Take the easy way out. Just make it legal. The opportunities for generating statistics that would indicate a crime-free society are endless.

Is there a net benefit to our Ontario society with the increase in gambling activity? What presently flourishing businesses will lose out? The amount of money at any given time is a constant. If this money is being gambled away, what goods and services will it not be buying? The jobs that will be created by this non-productive activity may balance out the jobs that are lost when the money is redirected from the creation of new, real wealth. The province may in fact experience a mild increase in its revenue in the short term at the cost of limiting more appropriate and long-term expansion of its real economic base.

What about the social problems? Is this a justifiable method of raising revenue? Are the increase in the number of dysfunctional families because of the addiction to VLTs — which have been characterized by others as the “crack cocaine of gambling” — and an increased crime rate plus the other morally offensive ways of obtaining money to salve the addiction worth it?

The problems have long been identified and dealt with both anecdotally and statistically. In proceeding with its legislation, the government of Ontario will be saying that despite the tragedy that will result to certain individuals, despite the fundamentally flawed economics involved — no new material wealth created — despite the promotion of dubious values, the money raised in this manner will make it all worthwhile.

Sudbury and District Labour Council urges this committee to act in a non-partisan way. Make a positive contribution to our Ontario society. Recommend against the introduction of VLTs. Recommend to the government that it seek treatment for its addiction to games of chance as revenue raisers. Do we want children left in parking lots while their parents gamble? Roll back the gambling activity in this province. Don't increase it. Thanks very much.

**Mrs Marland:** No, we definitely do not want children left in parking lots by parents, even if they're shopping, let alone gambling, so that's my direct personal answer to your direct question.

**Mr Filo:** Are you speaking on behalf of the government?

**Mrs Marland:** I'm a member of the government. You asked if we wanted children left in parking lots and I'm saying that —

**Mr Filo:** Okay, the next time I read an article that says children are left in parking lots, Mrs Marland, I will phone you and tell you that the government is in default on the commitment that you've just made here.

**Mrs Marland:** In parking lots for any reason is what I said. That's fine.

**Mr Filo:** For any reason, yes. Protect our children, please.

**Mrs Marland:** I would be very happy to do that because that's what our government believes in.

I'm just wondering if you made a presentation to the NDP government, the former government, when it introduced the legislation to permit casinos in the province?

**Mr Filo:** Why would that be of concern to you? I thought we were dealing with Bill 75. Were we dealing with some historical fact? I'll tell you the truth: I was against casino gambling and I spoke against it to my colleagues in the NDP. I'm definitely against it.

**Mrs Marland:** Thank you for that answer.

**Mr Crozier:** Sir, thank you. As you're no doubt aware, because you seem to be well informed, this government over the next four or five years is going to spend about \$20 billion in a tax cut. They're going to borrow every red cent of that \$20 billion, and consequently they have to seek methods of revenue that you and I don't like, because I think in this presentation, sir, you've clearly explained your position and I appreciate and support much of that position. Thank you for coming.

**Mr Filo:** Thank you very much. I just want to make a comment on that \$20 billion in income tax. That money is going to the people who are the most well-off in our society and it's being taken from the mouths of our children and from the most vulnerable: the needy and the people on welfare and the people who most need assistance. I'd like to say to this committee that it's a disgrace that we have a government in place that would handicap the handicapped in our society even more.

**Mr Kormos:** Thank you, Mr Filo. Here it is: Mike Harris promised 725,000 jobs. What do we get? Twenty thousand slots. It doesn't quite work out.

I want to refer you to what Ivan Sack — he's the editor of Canadian Casino News, so he's not an enemy of this type of gaming — had to say, because the government's also talked about job creation as it relates to 20,000 slots. Ivan Sack, who appears to have some familiarity with the business, says:

“It is too early to say how many jobs would be created by placing VLTs in bars and at racetracks, as the racing industry has yet to completely weigh the tradeoffs in the decrease in its handle against its gains from the VLTs. However, given that the racing industry already has cashiers, the job gains here would be limited primarily to service attendants and repair people for the VLTs. The same would apply to bars, where on the assumption that each licence is restricted to four VLTs, it would mean no additional bar staff, though additional attendants and roving repair people. The management control system would have to be staffed up and, depending upon the configuration used, additional jobs would be created here.”

In Quebec, with 14,500 slot machines throughout the province, the jobs that are being talked about, the service attendants and repair people for the whole province of Quebec, for 14,500 slots, equals 300 people. Ivan Sack, the editor of Canadian Casino News, indicates that these are not labour-intensive. We're not talking about a blackjack table that has to be staffed by personnel. We're not talking about a roulette table. We're talking about automated technology that frees the owner of that machine from having to apply any labour component.

**The Chair:** Thank you, Mr Kormos.

**Mr Kormos:** There's no job creation here.

**The Chair:** Mr Filo, I'm sorry. The time has elapsed for your presentation. I thank you very much for your thoughtful presentation. It gave us a new perspective on this matter and I thank you.

**Mr Filo:** I think the point that Mr Kormos made, though, about labour-intensive is extremely important, because we see it in the banks. The banks have switched to ATMs. The VLTs are the ATMs of the gambling industry.

Thank you for having me and good luck in your deliberations. I want to say to you that I think this committee is supposed to perform a very serious and an appropriate service to our society. I think you'd be remiss if you didn't take into account more than just the revenue aspects of VLTs.

### BINGO PRO INC

**The Chair:** Our next presentation is by the president of Bingo Pro Inc, Mr Doug Burke. Good morning, Mr Burke.

**Mr Doug Burke:** Good morning. Before I start, I just wanted to address a comment towards a gentleman. I think it was maybe Mr Johnson; he's not here at the moment. A couple of times this morning he mentioned that he was bringing up statistics forthcoming from Alberta that indicated that there was not a drop in Nevada ticket sales after the introduction of VLTs. I just happen to have faxed information right from the Alberta Gaming Commission's finance office that says exactly the opposite. I'll address that in here.

My name is Doug Burke. I'm president of Bingo Pro Inc of Sudbury. We are a small business that supplies Nevada tickets and bingo products to charitable and non-profit groups throughout Ontario. This business is registered by the Ontario Gaming Control Commission, to which we must pay thousands of dollars each year to be reinvestigated and re-registered.

1050

I started working when I was eight years old. In the early days, I was taught that if you worked hard and if you could supply a product and service that was in demand and do it to the best of your ability, you had a good chance to be successful and create a decent living for yourself and your employees.

Then somewhere along the line governments got the idea that they could do a better job and started doing things like artificially intervening and skewing the natural forces of the marketplace, or better yet, going into direct competition with entrepreneurs. Perhaps politicians and bureaucrats felt they could experience the thrill of being in the marketplace while only having to risk taxpayers' money rather than their own. The upshot of 25 years of this meddling has resulted in an economy that is in rough shape and a future for our children that is in grave doubt.

Once again we see an attempt by a government — this time a PC government, no less — that wants to meddle in an existing marketplace, that of the private charitable gaming industry, which happens to generate about 50% more sales than the government's own Ontario Lottery Corp. This is witnessed by the fact that last year the OLC did \$1.9 billion in sales while the charitable gaming sector did approximately \$3 billion in sales.

It is important to note that Ontario's gaming industry is actually larger in terms of gross sales than is its hospitality industry at well over \$10 billion per year. So now the government wants to get into the privately run charitable side and mess it up.

Mr Harris and Mr Eves, please note that we do the \$3 billion with very little advertising, and you do the \$1.9 billion with a pile of lifestyle advertising that cigarette companies are prohibited from using. You don't have anything to teach us.

The hospitality industry has lobbied hard for several years, attempting to swap their deep-fryers for VLTs. There are several things wrong with this picture. If the hospitality industry in Ontario is in trouble, I can see why in my travels throughout the province: (a) too often their service is mediocre to poor; (b) food is rarely of consistent good quality; (c) often staff do not present themselves as working in a career but rather as being in temporary employment until they can find themselves a real job; (d) the hospitality industry was overbuilt in the boom years of the 1980s and no longer has the economy to support it; (e) as society moves away from drinking and driving, as well as from smoking, the demand for this old style of hospitality is naturally shrinking.

These problems will not be cured by VLTs, but rather worsened by them. If a tavern or restaurant owner can suddenly make fast dollars simply handing coins out to VLT players, there will be no incentive to upgrade the food and service focus of their business. Tourists seeking true hospitality will stay away in droves. Why do many Canadians fly to other parts of the world to experience high-quality hospitality? I suggest that a major re-education effort for this entire industry is the answer, not VLTs.

In spite of the above symptoms, why would our government go into partnership with people who are publicly admitting to being involved in criminal activity with grey machines? To further make their motives suspect, only yesterday Minister Leach told municipalities that as economic times have worsened, it is unrealistic to expect that all of Ontario's 815 municipalities should stay in business, yet Ernie Eves is not willing to let nature take its course in the free market of the hospitality industry.

Another reason it is wrong for the hospitality industry in Ontario to demand VLTs is simply this: It's none of their business. They are not in the business of gaming; we are. Other governments have gotten into bed with tavern and hotel owners in order to jointly reap cash from VLTs, but those provinces do not have charities dominating gaming anywhere close to what occurs in Ontario. For instance, Alberta's sales for Nevada tickets are less than 5% of those for Ontario.

How would the hospitality industry like it if the 20,000 charities and 17,000 Nevada ticket retailers in Ontario suddenly lobbied their municipalities to ban smoking in all licensed establishments in the province? The hospitality industry would be outraged at us for sticking our noses in their business, and rightfully so. Likewise, we are outraged at them for sticking their noses in our business. But perhaps because we in our charities are generally quiet about our work, the hospitality trade did not realize how large and organized we actually are.



I voted for Mike Harris for one simple reason: He said he was not in favour of VLTs and certainly not without a full and fair study of the effects on existing stakeholders. Mike lied to me and I will not forget this. He was the last politician I thought I could trust. Norm Sterling, in writing, told Charities First that no new gaming activity would be introduced into Ontario until a full assessment of the social and economic impacts was completed — lie number two. Two weeks later, the budget announced that VLTs were on the way before any consultation, much less a full assessment, was done.

Contrary to what Norm Sterling would have us believe about his discussion with Alberta's minister Steve West, the Sault Star quoted Mr West as follows: "Alberta may have erred by allowing video lottery terminals to spread across the province in bars and taverns."

Tell me why any charity or business in our industry should believe anything else these people have to say about the so-called benefits of VLTs.

To me, it all boils down to greed. The government sees nearly \$3 billion of charitable revenue earned each year versus only \$1.9 billion earned by its agency, the Ontario Lottery Corp. It wants the bigger charitable pie. It's as simple as that.

Bill 75 changes the power structure over gaming in a dramatic way. It should be clearly recognized that if this so-called enabling legislation is passed, it will enable the government to do anything it damn well pleases, as most majority governments are prone to do. This bill in itself guarantees nothing to charities and puts no limits on VLTs or anything else. We could see tens of thousands of VLTs in the province. The only indication of limitation is the words of the politicians who have proven to be untrustworthy in this matter.

This bill paves the way for the government and its OLC to out-compete charities for limited dollars. It will discourage volunteers from being self-reliant and motivated to help strengthen our social fabric.

I believe this government is boldly going where no other Ontario government has gone before in terms of the logic used by its leaders. They would have us believe that to eliminate illegal activities, you just simply legalize and expand them. Following this logic, one could assume that it won't be long before we'll see the legalization of prostitution and heroin as well. In the year 2006, will we be debating the merits of Bill 175, the poppy extract and escort service bill?

I was surprised to notice in the Ontario Restaurant Association's submission the high moral standard that group took on behalf of "protecting the consumers from the LCBO." Yet these same people want the government to unleash the most lethal weapon — VLTs — against the consumers of Ontario. Better yet, these self-admitted participants in criminal activity would have all consumers believe they are best suited to be the standard bearers of consumer protection.

Ask some of the charities that have dared to have taverns or restaurants sell Nevada tickets on their behalf about the problems many experience when attempting to collect all the proceeds owing to them.

Bill 75 has been too cleverly crafted to allow a morally sane person to take it at face value. Even these very

hearings have been perfectly timed to move on through the summer when most municipalities seldom meet and all charity boards take a summer recess. Great. Few people to complain about it.

Remember Mr Pollock's claim that VLTs did not hurt break-open ticket sales in Alberta? The figures of the Alberta Gaming and Liquor Commission show otherwise. Within three years after the introduction of VLTs, break-open ticket sales dropped by 40% to \$61 million. In the five years previous to VLTs, Nevada ticket sales fluctuated slightly but still averaged \$101 million. So that went from \$101 million to \$61 million in three years after VLTs.

There has also been a suggestion that since the Legions in Alberta represent 50% of that province's break-open ticket sales, the decline in sales there was seriously affected by a decrease in Legion membership due to deaths etc. As recently as yesterday, I spoke to the person in charge of both memberships and break-open ticket sales for Alberta's provincial command of the Legion. He told me that Legion membership in Alberta has not experienced an unusual decline and clearly stated that VLTs have by far had the largest impact on their Nevada ticket profits. Those profits have dropped by 48% since VLTs were introduced. He further quoted that many people who used to socialize at the Legion now walk across the street to play VLTs by themselves.

No one knows more about the effects of VLTs on Nevada ticket sales than the manufacturers themselves, and every VLT manufacturer we've spoken to in North America echoes these dramatic sales drops. And remember, this means a big drop to charitable funding in Ontario.

The hospitality trade claims that many jobs were created in other provinces due to VLTs. Perhaps, perhaps not. At this point that's anecdotal information. However, other provinces have a small charitable gaming sector. Let us not forget that Ontario's gaming sector generates as much sales or more than its hospitality sector at over \$10 billion. For every job that is liable to be created by VLTs in the hospitality sector, one will surely be lost in the gaming sector. So where's the win in terms of jobs?

Jobs and dollars lost in the charitable sector mean a far greater loss in the number of volunteers who are willing to work for free. These people are an essential part of the backbone of our society. No government could hope to fund the value to society that these hundreds of thousands of volunteers represent. When our government kicks the wind out of those people, we're in big trouble. Will our children even know the definition of "volunteer"?

In summary, I will conclude with these points:

(1) The hospitality industry has no more business in our affairs than we do in theirs.

(2) Someone with a lot of influence has caused a few of our top politicians to lose their stated path in a very short period of time.

(3) Charities have learned to survive on the street after being thrown out by successive governments. They don't ask for, nor do they want, your so-called help, nor do they trust its offer.

1100

(4) Part of Bill 75 has the sweeping power to change both the moral and volunteer fibre of our society. The

inclusion of VLTs along with the amalgamation of the two major regulatory commissions in Ontario is wrong. These are two separate issues that are mutually exclusive and should be dealt with in separate bills. Amalgamation may have some net benefits, but VLTs have few or none.

(5) Yes, I come from the viewpoint of having a vested financial interest in this issue, but I'm not joining with the government to come after their business or customers; they're coming after mine.

That's the end of my comments.

**The Chair:** We have three minutes per caucus.

**Mr Ramsay:** Thank you, Mr Burke, for your presentation. I just want to say the quality of the presentations this morning has been excellent. I've been to most of the venues that we've been at across the province and these are tremendous presentations. I congratulate you and the other presenters.

Thank you very much too for getting those Alberta figures for us, because we had some that were presented by the break-open ticket people in Toronto, and as you heard this morning they had been refuted by Ron Johnson of the government party. I'm very pleased to get that up-to-date information. If you could make that available to the clerk of the committee for reproduction and distribution to all the members, I know I would find it and I'm sure all the members of the committee would find that valuable.

I wanted to ask you, because I think what's important here and what's kind of surprising — because of course the Tory party over the years has always prided itself as somehow being the managers, that somehow Liberals and New Democrats can't manage things but they can manage things — they said even before they would look at any expansion in gambling that they would do a full assessment, that they would do a study, and that would be the prudent way to go. Why do you think they're not making that sort of comprehensive study of gambling in Ontario before they put their foot forward with this expansion?

**Mr Burke:** That has got a lot of us puzzled, because we were led to believe for the last few years that VLTs, at our own charitable gaming conventions in Niagara Falls, which Mr Kormos was present for this year — we were led to believe for the last several years by government people that although there was a cry for VLTs from the private sector, it was a non-issue as far as government people were concerned and not to worry about it. Then we started to see a few changes happening within the bureaucracy.

For instance, the registrar of the gaming commission was suddenly moved — and he was the top guy — to the racing commission. We should have clued into it a year and a half ago when that happened, when Mr Major moved there, that something major was happening, because he had a big job, a task already. Then in November 1995, all of a sudden Mr Clare Lewis was made joint chair of the two most powerful commissions in the province.

It wasn't until we got to the convention that many of us even heard about this. Then all of a sudden the bells and whistles started going off that something's cooking here, and although statements were coming out this winter from Mr Eves and others that VLTs were not on

the front burner, that was on the back burner, all of a sudden we're presented, with about five days' notice, that we have until July 15 to rally the troops and get out for this hearing. We had four or five days to try to notify people when we found out about this and we know that to put a bill together like this doesn't happen in two or three weeks; this has been going on for some time. So somebody in the background, and we'd sure like to know who it is, has something to benefit here, but it's not apparent.

**Ms Martel:** Thank you, Mr Burke, for coming out today, particularly for providing us with some of the information you did with respect to Alberta, not only with respect to the loss in revenue, but frankly with respect to the Legion's position as well.

Because you've talked about Mr Eves, maybe it's worth pointing out to you and to other folks who are here just what the finance minister did say about this particular issue. As recently as March 1996 he said this to the *Toronto Sun*: "VLTs could create a lot of social problems in our society. Lots of other provinces have introduced VLTs and lots of other provinces have had social problems as a result of VLTs."

It's interesting that in a short two months he then went on to say — this is in the *Globe and Mail*, May 8 — "Right now, the province of Ontario has very little or no control at all over those machines. We at least would like to be able to control and limit and restrict the amount of that activity and make sure it's done in a legal and upfront and fair fashion."

So all the social concerns got swept under the table, all the concerns about getting tough on crime got swept under the table, and here we are in August now dealing with legislation that's going to legalize some 20,000 machines and, as you've already said, how many more, we don't know, before this is over.

Let me ask you about the charities that you are in a partnership with. Can you tell the committee the numbers of people you work with, what kind of charities, what kind of revenue is generated that then helps them do the important work that they have to do in this community?

**Mr Burke:** We deal with somewhere around 1,000 non-profit charitable groups throughout the province. I have never calculated what their total revenues would be, but it would be well up in the millions. Many of them are small charities that have two or three volunteers who do an immense amount of work. The real concern we have is that right now there's no way for them to access funds through the government. I just had another call yesterday afternoon from another charity, the Sudbury Meals on Wheels, that just found out that their funding has been cut off. "What can we do to get on to Nevada tickets?" It's a saturated marketplace for that now and it's really tough for them.

So when the government's telling you that it's going to help charities, there's nothing in the bill that says they are. I didn't see it mentioned once. That's got a lot of charities concerned, because they've learned how to survive on their own thanks to other governments throwing them out on the street to do that, but they don't trust and they don't want to have to go back to the government toll. I'm sure other people here will speak about



what the OLC promised in the past and delivers now. It all sounds nice, but nobody believes it. I'm sorry.

**The Chair:** Mr Hudak, you have three minutes.

**Mr Tim Hudak (Niagara South):** Thank you for your presentation, sir. I especially enjoyed your opening remarks, because I think we have a lot in common in the faith in entrepreneurship as the engine of growth in the economy; that a capitalist society will produce products and generate the wealth so that we can help those who fall between the cracks, those who can't keep up with the rest of society. I think your quote was, "By working hard and putting out a product that people want, you can be successful in life and then the consumers can choose among the different options for that entertainment dollar." Whatever is the product most closely aligned with tastes will be the product that brings that dollar in, will expand and then make that hardworking individual and their family well-off.

Then there's the darker side of capitalism, where an existing group in the market will lobby the government to ban its competitors or to handicap its competitors. Certainly, this area — I'm going to ask you, if the private sector then, an entrepreneur, maybe myself, were to bring VLTs into the marketplace, as you yourself brought break-opens into a marketplace that already had raffles and bingos — the government cleared the way for you to do so, and I bet the bingos and the raffles and the lotteries lobbied against break-opens — what's the difference here? Why not allow VLTs into the marketplace if you have that fundamental faith in the capitalist system, in entrepreneurship, in offering consumers what they want?

**Mr Burke:** I would say that it has been addressed in several ways. First of all, where the money's going. The money's going out of our towns and communities, and although I'm an entrepreneur, I believe strongly in the backbone of keeping the community solid in that regard. That's a major issue for a lot of people.

Secondly, and our associations have taken this viewpoint: Keep gaming where gaming is. If some VLTs are going to be coming into the province no matter how many people scream and yell about it, then at least keep them in controlled gaming venues. That is our business; that is our industry. Bringing them into the hospitality trade to me would be similar to E.B. Eddy asking the government that they want to get into the mining business and now they want Inco to be left with the shovels and picks and they want the scoop trams.

**Mr Hudak:** Certainly. You would know that the Conservative government would be against any kind of that type of nationalization, and previous governments were into that in a big way. You know we don't think that's a good way. So it's not really an argument about competition or entrepreneurship; it's more about how you distribute the funds that the consumers spend. I'd certainly agree with you. Coming from a town that has a strong charity gaming industry, I would like to see that as much as possible redirected to those communities that created the wealth.

**The Chair:** Time for this presentation has elapsed. Mr Burke, I thank you very much for making your presentation here today.

I should announce that your 11:40 presenter has cancelled today. I would imagine she would be at the AMO convention, but I'm not certain of that.

1110

#### CASSIO'S MOTOR HOTEL AMBASSADOR HOTEL

**The Chair:** Our next presenters are the Casino Hotel, Mrs Melinda Dozzi, manager, and the Ambassador Hotel, Mr Richard Clement. Good morning.

**Mrs Melinda Dozzi:** Good morning. I just want to clarify one thing with you. It's not Casino Hotel, it's Cassio's. I don't want you to start saying "casino," it's much too early.

**The Chair:** I'm very sorry, I did say "casino." I have that on my mind these days. I'm very sorry, ma'am.

**Mrs Dozzi:** I was previously told by the former government that if one asked for something often enough, one might achieve their goal. Our business is a people-related business and we want to continue to employ many people in the province of Ontario.

Mr Chairman, members of the committee, ladies and gentlemen, my name is Melinda Dozzi and I am the owner-manager of Cassio's Motor Hotel located in Sudbury. I want to thank you and your committee members for the opportunity to appear here today. I want to begin today by stating up front that I am very supportive of Bill 75 as it relates to video lottery terminals and urge the government to implement them into the hospitality sector as soon as possible.

We as an industry are in serious economic situations and I can tell you from a personal perspective the urgency of the situation. Our industry is in trouble. Sales are down 20% across the industry, we have lost about 100,000 jobs and there have been about 1,400 bankruptcies since 1992.

The Minister of Finance in his budget on May 8 said the government was going to allow VLTs to help our industry. Specifically, he said, "We believe that VLTs, if implemented within tight regulatory controls and in limited-access environments, can meet a legitimate entertainment demand and provide a significant stimulus to the hospitality industry."

Just a little bit of history. I have been associated with the Ontario Hotel and Motel Association for a number of years. Going back a few years ago, I was the president of the Ontario Hotel and Motel Association and I have been lobbying for the introduction of VLTs into the province of Ontario. This is not new for the Ontario Hotel and Motel Association. At all times, we had no intentions other than good intentions. We wanted licensed establishments with the age of majority to have VLTs on their premises. The previous government knows that this is a fact, as we went to them on many occasions to discuss the implementation of VLTs.

We have seen Manitoba benefit from the introduction of VLTs; first, rural Manitoba, with proceeds going to agriculture and future development of rural Manitoba, and then they were introduced into the city of Winnipeg. Our peers in northwestern Ontario look with envy as they see their peers prosper and their businesses decline. We know

for a fact that at present there are at least 15,000 to 20,000 VLTs that are in the province of Ontario illegally. Perhaps there are many more now, since gambling has been introduced into Quebec and there are VLTs also present in the state of New York. No proceeds from these go anywhere except into the underground economy. The treasury of Ontario has no benefit from these machines.

The greater Toronto area especially has felt their impact, according to their police chiefs, and it has become a problem for the policing in such areas of such machines introduced into the greater Toronto area.

Ladies and gentlemen, we are an industry and have been an industry for the last few years that has been struggling. I realize that in the 1980s in many areas we become too ambitious and overdeveloped many of our hotels and taverns and bars, which today are finding that they are struggling. To tell you the truth, any hotel, restaurant or tavern in the whole province of Ontario is for sale.

We fought many years ago long and hard to introduce Nevada tickets or break-open tickets into the bars of Ontario so that they could benefit hockey teams, baseball, ringette etc. The Ontario Hotel and Motel Association's chief charity is the Variety Club. The Variety Club has been using break-open tickets for many years. We are totally in favour of the Variety Club. They are, as I say, our favourite charity. We talked long ago with their chief barker, Mr Gord Josie, and talked about the introduction of video lottery terminals into the province of Ontario. He felt that one day they would come and why not put them in an industry where everything was totally legal and we were looking at an age of majority being involved.

We at all times wanted to be involved with the Ontario Lottery Corp, which we met with on many occasions. We also suggested that the guidelines and supervision should be connected with the Liquor Licence Board of Ontario. We wanted everything to be done in a first-class fashion. We suggested that the profits the province would collect would go for health care in Ontario.

This industry has struggled for a long time. We were the ones who encouraged the introduction of offtrack betting in many of our establishments. We also fought long and hard for Sunday shopping so that in the tourist areas especially the whole area would prosper and develop. We struggled long and hard for the introduction of an item that is dear and near to the people in northern Ontario, and that is for the introduction of northern Ontario draft beer so that we could compete on a level playing field and those in northern Ontario would feel they are just as good as their sister associations in the whole province of Ontario.

This association and industry has had to fight for all it has received. VLTs are an important issue for us. The above areas I have mentioned are a fact and to date everyone has benefited from the introduction of some of these different items that we have fought so long for.

Mr Chairman, on behalf of myself and the employees I still have and for those I would love to be able to re-employ, I urge you and your committee to recommend to the government quick passage of Bill 75. I would also suggest that your recommendations include a request to

move implementation of VLTs for our industry on to the fast track. Our situation is desperate. We have all been hoping and praying the government would take this progressive step and we are grateful that it has. We need the stimulus of this new form of entertainment. We don't have to speculate as to the outcome. The positive results are there already, as amply demonstrated in Manitoba. Then you have to let the consumers decide in which way they are going to proceed.

Mr Richard Clement from our industry, the president of the local hotel association in Sudbury, will continue with the presentation.

**Mr Richard Clement:** I am owner-operator of the Ambassador Hotel. I'm also the president of zone 22 of the Ontario Hotel and Motel Association, which travels from French River to Chapleau, to Hagar, to Elliot Lake, including Manitoulin Island. I have a very large zone. We as a group have been lobbying for VLTs for many years.

The benefits from the VLTs, as we see it from the trenches, would certainly help the government with \$1 billion a year in revenues. The charities would get an estimated \$180 million in extra funding from their 10% share of the revenues of the VLTs. This is on top of the \$2 billion a year that is already spent in Ontario on charity gaming.

I don't know if people think that by getting into VLTs in bars you're going to have casino-like bars and restaurants. I don't see that vision. I see it as an entertainment in our bars and restaurants. People who come out to enjoy themselves at night — we are entertainers in our hotel business. We have rooms, we have food, we have accommodations — this room, for instance — and we have nightclubs for people to go out and enjoy themselves. I've been in this business, myself personally, for 29 years in this particular building.

I don't see why everyone is getting so up in arms. People in Sudbury, in this area, must be very charitable. You go into a corner store; you see these break-open tickets. They're called Nevada tickets, same as ours are called VLT machines. They're not slot machines; they're VLT machines, video lottery terminals. The money we would be taking in would be astronomical for the charities. We would help them and we would increase the sales of break-open tickets, as far as I'm concerned.

The addiction to gambling: I have many things to read here, but I'd like to speak from my heart and say that we need the VLTs. We have them, we're going to get them and I would wish that you would pass this Bill 75 quickly so we can get them as fast as we can, because we need the assistance. We would create a lot of jobs; it would help us employ people. Right now a lot of us in the mom-and-pop operations are doing the work ourselves. We can only do that so long. Thank you.

1120

**Ms Martel:** May I say to Melinda that I am pleased to see her here. It looks like you're recovering well. Thank you for appearing before the committee.

**Mrs Dozzi:** Thank you. Other than I'm speaking with a bit of a lisp, it's all right.

**Ms Martel:** That's all right. Having said that, let me say that on at least three occasions during the time we were in government you lobbied me directly about



supporting VLTs and on each of those three occasions I said I was opposed, and I continue to be. So we will continue to have our different points of view on this issue.

I want to focus on the job creation, because in front of us right now we have a copy of a press release, which has obviously been put out today, that says, "Video lottery terminals", which are in essence electronic slot machines, "will create 10,000 new jobs for our industry." I want to compare that with a presentation that was made by Ivan Sack from the Canadian Casino News, who I'm sure, Melinda, you would know is no stranger to gaming and is not opposed to gaming, who said before this committee on August 7:

"It is too early to say how many jobs would be created by placing VLTs in bars and at racetracks, as the racing industry has yet to completely weigh the tradeoffs in the decrease in its handle against its gains from the VLTs. However, given that the racing industry already has cashiers, the job gains here would be limited primarily to service attendants and repair people for the VLTs. The same would also apply to bars, where on the assumption that each licence is restricted to four VLTs, it would mean no additional bar staff, though additional attendants and roving repair people. The management control system would have to be staffed up and, depending upon the configuration used, additional jobs would be created here."

In Quebec, I understand he told the committee, with 14,500 slots, they were looking at 300 jobs to be created. So if we're talking about 20,000 machines that are illegal in Ontario that would be legalized, we're not looking at much more than 400 jobs at best. I have to ask you, where are those jobs going to come from? We have a big difference from maybe 400 that they looked at in Quebec to 10,000 being created here that you're talking about in the press release.

**Mrs Dozzi:** A survey conducted by the Manitoba Hotel Association indicated:

"As a result of the introduction of VLTs in the province, the rate of bankruptcies dramatically decreased by over 85%. Each location has reported that as a result of VLTs it hired almost one full-time person and added almost another part-time person. Based on these results, Ontario can expect to create many more jobs in the hospitality industry."

What I sometimes wonder when we speak to the general public is: Does everyone realize what a video lottery terminal is? Have you seen one? Do you know what they are? Do you know what they look like? They're not slot machines like they operate in Las Vegas. They don't act like that at all. They are a video lottery terminal.

I feel that if you have increased traffic in your bar — and I know for a fact, speaking to those in Alberta, and you talked about Alberta before, that drinking has declined in all areas in Canada, but the introduction of video lottery terminals into their bars in Alberta has caused additional traffic and therefore the bar operator can still have a little bit of extra revenue coming in. Whether they're spending it on drinking alcohol or video lottery terminals, at least there are people and people mingling.

**Mrs Marland:** I wanted actually to ask Mr Clement to say something about addiction because he was getting into that. I guess the problem with being around so long — and Mr Conway knows more about that than I do — is that you get to hear the same lines over and over again, depending what the issue is and where you sit in the Legislature. I remember when I sat in opposition and I argued against the expansion of lotteries to the hospitals by the Liberal government because it was a tax on the poor. The reason I'm putting that on the table is that we seem to have had some researchers do some wonderful background and I'm kind of hurt that they didn't find my quotes back there in Hansard when I said it was a tax on the poor. Certainly, the opposition argued the same thing about the introduction of casinos. Yet today we now have really our lines being used by the opposition parties in opposition to this legislation.

The position I find myself in is quite interesting because although I've used those lines in the past myself against both your governments, frankly, what I said didn't come to fruition. It didn't become a tax on the poor. That's why I would like Mr Clement to talk about the addiction aspect, because I think that's the biggest public concern, that we will have more addiction to gambling than we have now or than we have to alcohol or drugs, that this is going to be the major problem. We haven't solved addiction to alcohol and drugs so I'm just wondering what the comments would be as it pertains to gambling.

**Mr Clement:** As far as the government is concerned, the government will set aside \$9 million a year from VLT profits to fund the best treatment program in North America. The Addiction Research Foundation told the justice committee that VLTs are not the crack cocaine of gambling as is stated in the popular press and by the Liberal opposition. A recent study at the University of Windsor shows no increase in gambling addiction since the casino opened there with more than 2,500 slot machines and VLTs. ARF and the Canadian Foundation on Compulsive Gambling say that 95% of Ontarians do not have a problem with gambling. Treatment and education programs are needed for 1% or 2% at risk.

**Mrs Marland:** So would you agree that some form of gambling is always going to exist and what we're talking about here is a matter of choice for people as to how they spend their money and that at least our government is committed to putting in the returns from the profits to treating addiction, which no previous government has done?

**Mr Clement:** That's right.

**Mr Crozier:** Thank you, folks, for coming and taking the time to present your feelings to us this morning.

For Mrs Marland's information, I have about 58 pages of Hansard here and included in it is where Mr Eves and Mr Harris railed against gaming.

We've heard the concerns of the hospitality industry in northern Ontario and southern Ontario, across the province. I appreciate those concerns. I think it's a broader issue that needs to be addressed than just these magic little machines. I suggest that if you get them, they won't be the answer, because it seems to me from presentations that albeit the price of wholesale booze — and I use the

term "booze" on purpose because people understand that booze is wine, liquor, beer, distilled spirits, the same as people realize that a slot machine is anything that sucks up your money and doesn't give you an awful lot back. But I appreciate your concern and we're going to help as we can within the terms of what we feel is right in this province to assist the hospitality industry.

**The Chair:** I'd like to thank you both for your presentation here this morning.

1130

#### JACQUELINE MORVAN

**The Chair:** Our next presentation scheduled is the community of Kapuskasing, Jacqueline Morvan, chair, recreation committee. Good morning, Ms Morvan. We have changed it from the town of Kapuskasing to the community of Kapuskasing. Perhaps you might educate the committee as to the legal status of Kapuskasing.

**Mrs Jacqueline Morvan:** It's because I am involved in all the sports and recreation in Kapuskasing. I am involved with everybody but I don't represent the council of Kapuskasing. I am not a member of the council.

My name is Jacqueline Morvan. I am a mother of four children. I have been involved in volunteer work for 22 years almost. I believe in recreation and sport. I believe in the children. Going through my four children, I wanted to help the community of Kapuskasing and the area to develop children and develop sports for them.

I am not here attacking any government — past, future or present. I am a volunteer person and I am not a paid person. I believe in what I am doing. I am going to try to explain the best I can in English, although I am French.

**The Chair:** You can speak in French, if you wish. We've got translation.

**Mrs Morvan:** Yes, but in the room the people who are English won't understand.

The lottery in Ontario was created to help sport and recreation — you all remember that — hockey and all kinds of sport. When they wanted some help they went to the government and asked for help. For example, for teams that are travelling, Kapuskasing is very far from the south. They were allowed to have half of one trip in a bus every winter. We were allowed to have some money for equipment. That means all those associations were helping the poor people, the people who didn't have the money, to get involved. In fact, we had quite a lot of kids in minor hockey. We helped soccer, we helped minor baseball, every sport, and that's why our I represent the community, because I am involved in those things.

One day the government decided that it would send the money from the lottery to schools and hospitals. Fine. We said: "It's okay, they need it. We're going to find another way to get organized." Then came the Nevada. The Nevada is a very beautiful tool because the tickets are bought by people in the community and the money stays in the community to help the people in that community. That's why those Nevadas are very important.

I heard all those presentations this morning. Mine won't be scientific because I am not a pro; I am just a volunteer. I think that in Canada lots and lots of things are completed by volunteer people who have the heart

and use their hearts and their minds together. Those Nevadas came up and we helped minor hockey; we helped everybody doing things with the kids, with the children who are our future. They are very important. Whether they are rich or poor, it doesn't matter.

By being involved with that community, I helped some other people. For example, there is one paraplegic whose wheelchair is not wide enough for him. The parents applied through the drugstore man to have another chair. It was refused. They waited for two years and said: "You have to fix it. You have to do this. You have to do that." That person was full of blisters everywhere because that chair was too narrow. Finally, we succeeded, we got some money. The chair is \$3,000 and something, but the government gave only \$2,000 and something. Who is going to pay the difference? That person doesn't have any money. The Nevada gave the money; the Nevada gave the difference.

I don't criticize the system. They need the money. They have to be fixed. They have to look out for everybody. I agree with that. But why destroy the Nevada business, which is helping so many people through the province, which is doing so many things through the province? Everybody is getting help.

There is one person who had an accident or whatever. He couldn't walk, so he was swimming distance. Suddenly he is not coming to the pool any more, and he had improved so much by swimming. We asked him why. He said, "The government, the system, whatever it is, cut my money so I cannot pay the \$36 a month to come back." So with that Nevada we helped.

I could give you hundreds and hundreds of situations like that. That's not only in Kapuskasing; it's like that everywhere in Ontario, but especially in the north. We gave money to the minor soccer, which went from 200 members to 800 members. That little money we gave helped to buy balls and to buy a little bit of equipment because there is nothing in the government any more for them.

Last September we had the swimming pool. One guy was on the ceiling and accidentally went through the ceiling. So the ceiling is finished, the roof is finished. The pool closed. You know the municipality doesn't have the money because the government got it. I don't blame the government. Please, don't get me wrong. I don't know how to organize the government. If I would like to be in politics, I would be with them. I don't. I believe in what I am doing. I found with my groups \$32,000 to fix the roof. It was \$110,000. Again, that comes from the Nevada. Those Nevadas were bought by the people from Kapuskasing and went back into the community in Kapuskasing.

We are trying to improve our arena. Again, seven or eight or nine years ago we could go and get \$500,000 for the project, \$400,000 from the government. It doesn't exist any more. We are going to provide it. We are going to work around and we are going to do it. We didn't criticize. We didn't come to the table like that to be mad at the government when it did it. They did it because they had a reason to do it. But today, please don't take from us the tools we have to help our population and indirectly, to help our children, because that's what you are



doing, not counting those VLTs which are — Bill 75 is definitely a joke because it's not clear enough. Everybody knows that the day they are going to start it they are going to put it everywhere, because it's good money and easy money.

Don't you think it's a little bit aberrant, or whatever it is in English, to see the government going with gambling to make money to save the deficit when they are going to destroy the population? What kind of population are they going to destroy? The poor, the small ones. We are going to have the rich and the big ones and we are going to have the rest of us. Whatever they are going to do, it doesn't matter. We won't be able to help anybody any more.

I am involved with minor hockey. I became a director of the Northern Ontario Hockey Association because I want to develop hockey and I want to help, again, the youngest. Last year, Kap minor hockey got \$30,000 with the Nevada. That \$30,000 for 600 kids is not bad, you know. If we lose half of it, next year we're going to lose 200 kids. What are they going to do? They are going to be in the street, they are going to be doing whatever, going to the bars, because — like I told you, I have four children. My youngest one, who was the most undisciplined one, was 18 years old when he was in the bars and nobody ever threw him out. I was waiting for the police to do something or for somebody to do something. Nobody threw him out. So those kids who are 16, 17 or 18, going to the bars, are going to play with those VLTs and they are going to do things. I am against that. That's another thing.

The gambling with those machines, the way it's presented today, is destroying our population. My comments come from my heart. I had my experience with volunteers. Please look at it. You said the presentations this morning were fantastic. I agree with you. It was absolutely incredible. I came here on my own money. I am not paid by anybody to do that, I do it because I believe in what I am doing, but I learned lots today. I learned there are lots more people against it than for it, so definitely you'd better — I don't know who you are because I am not involved in politics. I just respect everybody who want to do it instead of me. But please, think about it.

That gambling stuff is absolutely ridiculous and you are going to kill all the associations, the voluntary work, because don't forget, the voluntary business is big in Canada. Yes, Canada is a very nice country, Canada is a fantastic country, but my gosh, we are going to destroy it and it won't be long. If you don't look at it seriously before you do something like that, you're going to regret it. The only thing is, you won't be in politics any more. It's going to be somebody else who's going to pay for it and suffer for it.

I think that's approximately everything I have to say today. I thank you very much for giving me the opportunity to come and say it.

1140

**The Chair:** Thank you very much, Mrs Morvan. We have some questions. We have approximately three minutes per caucus, and it's Mr Flaherty and Mrs Marland for the government.

**Mr Flaherty:** Thank you, madam, for your presentation this morning. We have in the course of our deliberations — some of the members have been here throughout — in the past 10 days travelled in northwestern Ontario, in Thunder Bay and Kenora, where there was substantial support for Bill 75 and what we're proposing to enable by that legislation; similarly in Fort Erie and in Sarnia as well as in Toronto. I had an opportunity to spend two days in Kapuskasing in May, so I'm familiar with the efforts the town is making there and the strides that have been made there.

Part of the concern is charities and what happens to charities under Bill 75. As I've said, the Monte Carlo night revenues will be increased by more than 10 times what they are now. There will be permanent charity gaming halls around the province of Ontario, and I hope those who are interested would apply for them. There will be funds for charities from that. There will be an increase in revenues to charitable causes in the province of Ontario of \$180 million. That's new money. That's a tremendous increase to charities.

Much of what you've said about recreation — we've heard about different extracurricular activities this morning — has to do with what's a charity, what isn't, what qualifies, what doesn't, where the permanent charity gaming halls are going to be, are the hockey teams going to be treated the same as the cancer society and so on. One book of charities that I have has 188 pages full of charities, so there's a lot of consulting to be done after Bill 75, the enabling legislation, to determine which charities of which sort, including recreation, would qualify. That's very important, and that government is committed to conducting those further consultations, and I hope you will participate in those.

But let me confirm to you that 10% of the revenues from video lotteries that are away from the racetracks are going to charities, and if our concern is really with charities and with people in need and not with the commercial operators of such enterprises making profits from them, then this legislation accomplishes a very substantial increase in funding for charities.

The other part of it, and this was felt to be very important in Kenora with respect to tourism and hospitality, is granting some sort of encouragement to the hospitality and tourism industry, which is the fourth-largest industry in this province in terms of job creation. The evidence before this commission from that industry is that more than 10,000 jobs will be created in the province of Ontario by providing video lotteries to racetracks, permanent charity gaming halls and licensed premises.

**Mrs Marland:** Madame Morvan, I just wanted to congratulate you on your presentation. I can't help but think that the town of Kapuskasing must be a better place because you're there — I mean, your passion and your dynamism. I can believe that you can persuade all these organizations to support the causes that you go after on behalf of the people you support, and it's just amazing to have someone like that. I personally appreciate it and I know our members do, your presentation, about the needs. We do recognize those needs.

**The Chair:** Thank you —

**Mrs Morvan:** If I may answer, please. I appreciate your comment, but I need more than that. I need you to remember what we represent, because I believe in health things, you know. And if you don't realize, the «survie» of our children is there with those voluntary people, with those little associations, and it's very important that we don't destroy that. Whether it's the school — I heard this morning the principal; what he was saying is exactly true, because we are helping schools too.

To answer Monsieur Flaherty, you are probably sincere in what you are saying, but you will forgive me if I don't believe you. Because, you see, in the past, even if I am not involved in politics, I follow policies closely and I follow the lottery, the Lottario and everything, the way the funds are given. When I see everybody cutting away everywhere — the school cutting, the hospital cutting — I don't think the money is going where you think it is going.

I don't blame you, you have to be a part of the whole system, but you will forgive me if I don't believe that those big figures, those big amounts of money, are going to be given. Your key word is who you are going to decide needs the help. I don't believe in that. In my little community I help who needs, and that's it.

If I can give you —

**The Chair:** Thank you, ma'am. We have to give the other caucuses a chance.

**Mrs Morvan:** Okay, I'm sorry.

**The Chair:** No, not at all. I let you go on because I wanted you to have an opportunity. Mr Crozier.

**Mr Kormos:** Mr Chair, she can use part of our time to finish her response.

**The Chair:** When we get there. Mr Crozier.

**Mr Crozier:** Madame Morvan, I thank you for your presentation. I think you speak on behalf of hundreds of thousands of people in this province who haven't had the opportunity to come before the committee.

**Mrs Morvan:** Definitely.

**Mr Crozier:** We appreciate your comments and we will be listening.

**Mrs Morvan:** Thank you.

**Mr Crozier:** And if you have any comments, you can use the balance of the time.

**Mrs Morvan:** I would like just to mention another example. There was a guy, a young man, 27 years old. He is — how you call that? — mentally retarded. I am not sure about the new words we use now. He's not completely normal anyway. He had a problem in his mouth. He has a sickness in his mouth and he lost his teeth. The representative of Parliament in our little town went everywhere to get some money. The dentist was asking only \$600 to put two «palais», two —

**Mrs Marland:** Denture plates.

**Mrs Morvan:** Dentures. Nobody wants to give \$10. Nobody, whether it's the Liberal, NDP, whatever, I don't care. Nobody. Through our little organization we paid the dentist the \$600 for that guy to have proper teeth in his mouth and be able to eat regularly.

Now, I don't blame the system. They have to cut everywhere. But who's going to decide who merits having that \$600 or not? You in Toronto. Do you really

care about our little problems in the little town far away? No. And the people over there won't have the money to go down and defend themselves. That's why that Nevada business is our whole saviour.

**The Chair:** Thank you. Ms Martel.

**M<sup>me</sup> Martel :** Merci, Madame Morvan, pour être ici ce matin. Vous habitez à Kapuskasing, alors vous avez voyagé très loin ce matin pour présenter ici. Je dois dire, sans diminuer l'importance de toutes les autres présentations de ce matin, que vous avez parlé du coeur. Vous avez parlé simplement, clairement, mais vous avez vraiment parlé du coeur à propos du problème et à propos de ce qui vous concerne en ce qui concerne ce projet de loi. Je voudrais de la part de mes collègues et de moi-même vous remercier.

Just to translate, I thank Mrs Morvan for coming so far today, because Kapuskasing is very far away, and without diminishing the presentations of everyone else, I do believe that she has spoken most strongly from the heart here this morning. The presentation was very clear, it was very simple but it was very important because it so expressed the concerns that she wanted to express. If you want to use any of our time to add anything else, I would certainly like you to do that. Thank you.

**Mrs Morvan:** Well, on finishing, maybe it's not completely wrong to have something like Bill 75 but they had better look at it, rewrite it and make sure they don't destroy our little association. There is a way, there must be a way to do it differently. Those people are pros, they go to school to do what they are doing and they have people who are very educated for that. I am sure they could find a way to do it differently and not destroy our little association, our little organization, our kids, because lots of it goes around our children. Thank you.

**The Chair:** Thank you very much. That is the end of our presentations this morning.

Number one: amendments. We have, I believe, the third party amendments and the opposition amendments. Oh, they're on their way. Do we have the government's amendments?

**Mr Flaherty:** Not yet.

**Mr Crozier:** They've got a ton of staff here with them and they can't provide amendments.

**The Chair:** I think it's only fair that none of the amendments be distributed until we have it. Hopefully we can get it during the lunch-hour.

**Mr Kormos:** With scarce resources, the Liberals and New Democrats can deliver. This government just can't.

**The Chair:** Thank you for your comments, Mr Kormos. In any event.

**Mr Flaherty:** He's always helpful.

**The Chair:** Right, as always, very helpful. We are adjourning until 1:20 sharp this afternoon.

*The committee recessed from 1151 to 1322.*

#### CITY OF SUDBURY

**The Chair:** Good afternoon, ladies and gentlemen. We have Mr Thom Mowry, city clerk of Sudbury. I welcome you, sir. I apologize that not all our members are here, but no doubt they will be coming in. However, due to a flight that we must catch, I prefer to start now.



I compliment you on your excellent brief, which I just had an opportunity to glance over, and I ask that you proceed.

**Mr Thom Mowry:** I would first like to thank you for your time this afternoon. As indicated, my name is Thom Mowry. I'm the city clerk for the city of Sudbury and have administered the city's licensing and lottery program since 1984.

This brief is actually the basis of a background report that has been requested by the area mayors of the regional municipality of Sudbury on the financial and social impact that the introduction of video lottery terminals may have locally. This report will not be delivered to the mayors until some time in September, therefore my submission should not be considered to be official policy of any area municipal council in the Sudbury region. However, the committee's presence in Sudbury does offer a unique opportunity to share with you this afternoon and bring to your attention some of my findings and the recommendations I will be making to the mayors of the Sudbury region.

For the convenience of the committee a summary of the recommendations is attached in the brief. I would now like to highlight some of the reasons for these recommendations.

Ontario has come a long way in its approach to legalized gambling. In 1967 the Ontario Committee on Taxation, known as the Smith report, concluded that "the dominant factor in our view is that this type of revenue source lacks any of the grounds of equity which we think should form the basis of a good tax system. ...as a taxation committee we cannot recommend that a lottery be used...to raise revenue for the province of Ontario."

Clearly that was then and this is now. Why the change? Is it better marketing or better games? Not according to noted demographer Dr David K. Foot. In his recent book, *Boom, Bust & Echo*, Dr Foot maintains that an aging population is good news for the future of lotteries because the front half of the baby boom is now in its 40s, which he describes as the beginning of its gambling years. However, Dr Foot also notes a caution. He writes, "In the decades ahead, as gambling becomes ever more prevalent, our law enforcement agencies will need to develop greater expertise in combating gambling-related crime.... This presents a challenge to our police forces, because they are not well prepared for what is going to happen."

Why should government concern itself if people choose to spend their money to gamble? The answer is simple. The provincial governments are not passive players in this game. Governments are not simply satisfying a demand for gambling. The province of Ontario, particularly through its lottery corporation, is creating demand. The statement of operations for the Ontario Lottery Corp shows that the expenditure for what they term brand marketing in 1995 was approximately \$27.5 million, which was an increase of \$4.8 million over the same period in 1994, or about an 18% increase. If the experience of Alberta and other provinces and states are considered, governments have not only underestimated the revenue potential of VLTs; they've also underestimated the problems associated with them.

Knowing all this and taking into account the experience of other jurisdictions in North America, the government of Ontario must consider the questions of cost and benefits. Governments, including local governments, must not only be concerned with getting their cut of the profits. The potential problems that may result from the introduction of local fixed casinos and VLTs in the province of Ontario must be clearly identified, assessed and addressed.

As part of the report for area mayors I wrote letters to the chiefs of police in every province that currently allows VLTs, to survey their experience with this form of gambling. Copies of their correspondence are attached to the printed copy of this brief. I encourage you to review their correspondence.

Generally speaking, VLTs do not appear to be particularly popular with police forces in those provinces that permit them. However, the majority of crimes appear to be by employees who defraud employers to support their gambling habit. Indeed one police officer from the Maritimes in a telephone conversation referred to VLTs as the crack cocaine of gambling.

As the popularity of VLTs increased among Edmonton's thieves, Alan Wood, regional vice-president of the Insurance Bureau of Canada, speculated that Albertan bars could be facing insurance premium increases and, in addition, finding insurance harder to get for VLT operators.

Police forces, however, are not required to keep or maintain statistics involving crimes related to VLTs and to other forms of provincial gaming. According to the journal of the Colorado Police Protective Association: "The introduction of gambling means the police generally are busier than normal. It means a rise in crime due to the transient type of population that gambling attracts: more burglary, more drunk driving and more crime in general."

Generally police forces outside large metropolitan areas are not well prepared to meet the challenges of VLTs and casino gambling. The new commission, as part of its mandate, should consider how police forces will be educated about provincial gaming laws and how their efforts will be coordinated. More to the point, police forces will need the education, training and equipment necessary to combat the crimes and social problems associated with increased gambling activities. The benefits cannot accrue to a government that for most of us in the north is often perceived as a distant and foggy entity. At a time when local budgets and resources are being squeezed to the limit, local taxpayers should not be left with the bill for a problem they did not create.

A transition period of perhaps five years, during which the province will provide funds from lottery profits, should be considered to provide the proper skills and equipment for local police forces. In addition, the committee should consider recommending that crime statistics relating to video lottery terminals be maintained by police forces in Ontario and reported annually to the Alcohol and Gaming Commission.

Provinces such as Saskatchewan, and most recently Nova Scotia, due in large part to public pressure, have begun to view compulsive gambling as a public health

issue and have introduced publicly funded treatment and counselling programs for both problem gamblers and their families.

**1330**

The generally accepted rate of problem gambling in the adult population is estimated to be between 3% and 6%. In the Sudbury region, that translates into a figure of between 3,500 to 7,000 problem gamblers 20 years of age and older. This figure does not include under-age problem gamblers, and despite best intentions, under-age gambling will become a greater problem with the introduction of video lottery terminals. To provide some deterrent effect, these devices should not be allowed in any establishment that is within 300 metres of an educational facility and should be prohibited from university and community college pubs. In addition, the employees of establishments where video lottery terminals are located should be specifically prohibited from using lottery terminals in the establishments where they are employed.

I do not know how much the province of Ontario currently spends for treating addicted gamblers or to educate the public on the dangers of compulsive gambling, but I respectfully suggest it should not be an amount less than what is spent by the Ontario Lottery Corp in promoting its wares. Two per cent of anticipated revenues of \$460 million for VLTs amounts to only \$9.2 million.

Public health issues such as gambling should not be dependent on a percentage of the take. The province should put in place a clear and distinct policy and guidelines on how it intends to deal with the problem, including reliable and long-term funding. The problems associated with gambling are long-term, whereas the anticipated profits from VLTs may not be.

The recipients of earmarked funds often find themselves having to fight a political battle to retain adequate program funding when profits decline or successive governments perceive more worthy uses for these funds.

What is going to be the effect on local charities and local governments?

Local charities and volunteer organizations are going to be devastated and local municipalities will be left with demands for greater funding for various programs previously funded by profits generated by local gaming and licence fees.

Moreover, the government's proposal to allocate 10% of profits to charitable groups undermines the concept of the community volunteer. Inevitably, the moneys will go to those organizations that are able to make the best pitch because they have the best full-time and the best high-paid professional staff.

There is considerable benefit to allowing non-profit and volunteer groups to raise their own funds through their own efforts rather than simply relying on what is just another form of provincial handout. Because of the considerable degree of organization and volunteer effort involved, community groups have a degree of control over revenues raised locally. This control would be lost if local groups were to be dependent on grants from VLTs.

It must be appreciated that from the perspective of each non-profit group attempting to raise revenue, it is the profit per licence that matters, not the overall profits.

The best way, in my opinion, to resolve this issue would be for the province to withdraw completely from issuing licences for all bingo, raffle and Nevada events. Some on the committee may be aware that in the past the Ontario Lottery Corp has considered running a province-wide Nevada game or break-open ticket game and then quietly withdrew the proposal. However, I question if subsection 4(2) of Bill 75 reawakens the possibility of the lottery corporation entering into such areas as province-wide raffles, bingos and Nevada events. In any event, it is recommended that Bill 75 be amended in such a manner that the Ontario Lottery Corp is specifically prohibited from entering into any of these games, and further, that they be reserved exclusively for local charities and volunteer groups and administered by local municipalities.

Fixed-location casinos are often touted as an economic development tool for attracting tourists and creating a wealth of jobs and new businesses. There are, however, substantially different economic impacts between local urban casinos and destination resort casinos, and the reason is the nature of the customer. In urban casinos most of the customer base will be drawn from the local or regional market. If the very large majority of casino patrons is made up of the local population, then the local economic benefits will not be very great. They may even be negative as spending is diverted from existing businesses such as movies, restaurants, shops and, yes, bingo halls.

If the decision to permit local casinos is considered to be a done deal, then there is an obligation on the province to ensure that there is a level playing field for local bingo halls, particularly commercial bingo halls. They should be permitted to promote and advertise their services in the same manner as casinos. I urge you to allow them to compete as equals.

Finally, there is one economic asset that we as citizens all value: our community's image. It is more than mere pride or jingoism. "The most visible return on the asset," it was pointed out in the City of Vancouver Casino Review, "is money we make on tourism, but it shows on" the "balance sheet" in other ways as well, including who moves here, who stays here, whether businesses locate here, and so on."

The image that citizens have of their community or would like others to have of their community may not necessarily include casinos or video lottery terminals. The introduction of these two forms of gambling well may not be part of the image for many Ontarians. They should have the right to debate the choice and make their own views known.

The question of whether to permit local fixed casinos and video lottery terminals, including their number, should be a matter of local choice and should be decided in a similar manner as a local option question under the Liquor Licence Act.

In conclusion, I believe this legislation represents a defining point in legalized gambling in Ontario. This committee represents the first legislative review of gambling in Ontario since its legalization in 1969 and, as such, it represents a start. Over and above this important first step taken by you as legislators to go throughout the



province of Ontario and receive public input, Ontario has a unique opportunity to learn from the errors and problems that have confronted other jurisdictions in North America and perhaps avoid them. This committee hearing represents the start of a worthwhile review and debate. It should not, however, be considered the final word.

Please accept my thanks and appreciation for your time this afternoon. I would be pleased to attempt to answer any questions members of the committee may have, though I have it on good authority that appearing before such committees is not unlike being at the wrong end of the food chain.

**Mr Crozier:** Mr Mowry, I appreciate your last comment. I share that frustration.

You have given to us today one of the most complete reports we've seen in the three weeks on our journey. I hope we have the opportunity to review this in its entirety. I look at the section under the video gambling issue in Fredericton put together by Tim Kelly, a corporal with the Fredericton Police Force, 10 years in major crime investigation, certified in criminology. You're familiar with that part of it, I assume, because you put this together.

He says, very quickly, as part of his conclusion that this is only Fredericton he's looking at — it may or may not apply to other cities — but he's had the opportunity to view video gambling:

"The norm appears that most players are of the lower, middle-class portion of society. Many are unemployed and many are recipients of income assistance. Players spend many hours at the terminals and some, where the location permits, play throughout the night.

"Gambling in the city of Fredericton has taken on a new dimension with video lottery gambling. Prior to December 1991, the act was illegal and therefore a policing issue. Today gambling is a societal problem with many citizens being injured."

I am pretending that I am the mayor of one of the municipalities you're reporting to. I review the report, I look at your recommendation and I say, "Well, based on this, I think we should stay as far away from video lottery terminals as we possibly can." Would you concur with that?

**Mr Mowry:** I think that's why it's important that municipalities be directly involved in deciding about video lottery terminals and fixed casinos. That's why I put in the suggestion regarding a local option question.

**Mr Crozier:** Exactly. As a municipal representative, you suggest that the municipalities should have, least of all, the option to opt out.

**Mr Mowry:** It should be an option that they should be allowed to consider.

**Mr Crozier:** If enough municipalities in this province opted out, I suggest it would be tantamount to telling the government, "Let's stay away from it."

I thank you for your presentation. It's very complete and it'll be interesting for us to read it all in depth.

**Mr Ramsay:** It sounds like a good amendment.

**Mr Kormos:** Mr Mowry, I thank you kindly. My office has tabled with the Clerk's office in Toronto several amendments which reflect some of these recommendations. I have confidence similar amendments have

come from my colleagues in the Liberal Party as a result of what we've been told.

I want to tell you something, sir, and I want to tell you something, Chair. Mr Mowry, on behalf of local communities, has done more research into the social problems and the community problems that are going to be confronting communities in this province than this government has over the course of a year while it was planning and formed a commitment to 20,000 slot machines.

This government and its committee members have attempted on every single day of these hearings to belittle research data about the high level of addictions and the unique nature of video slot machines and their addictiveness. They've attempted to laugh off and trivialize the concerns that have been raised. Well, let them read the letters from chiefs of police from across the province.

This government and these government members have attempted to belittle concerns about the involvement of organized crime. Well, let them read the report from a Fredericton police officer who's involved in investigation of organized crime, criminal intelligence unit, who confirms that the source of slot machines, one-arm bandits and poker machines has historically been from organized crime in the United States. This same police officer, notwithstanding that he's been assured by the management of the lotteries commission that they screen the sources, indicates that the issue remains topical for police.

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The fact is, these machines are made by the mob. Anybody who doesn't understand that is living in another world. If this government doesn't understand and isn't prepared to acknowledge the research that's available to it — and this confirms everything the opposition parties have been saying for three weeks now about getting into bed with the mob — then they'd better wake up, because they're being had. Damn it, the people of this province deserve far better than a government that's prepared to work arm in arm with organized crime to fleece the little people of this province.

**Mr Flaherty:** Not only have we the opportunity now to read this report, but we've had the opportunity to review voluminous reports for the past several weeks at this committee, and I thank you, sir, for the presentation.

We know from the Canadian Foundation on Compulsive Gambling that they appreciate the need for a measured, phased introduction of video lotteries. They've said that and they appreciate that the 2% of revenue pledged for research and education and treatment of gambling is a welcome commitment from our government. We're the first government to face up to the reality that there is an addiction problem associated with gaming and to fund work on that problem in a committed way.

I hear Mr Kormos again. He's wrong again. The evidence we have from the Addiction Research Foundation before this committee on the first day of our hearings with them was, "I don't think it's an appropriate term," referring to the crack cocaine of gambling. People can get into all kinds of trouble with all kinds of gambling, but the probability of addiction doesn't necessarily increase with the video terminals. That's what the expert said. Now, Mr Kormos is an expert, I suppose, in his own

mind, but this is from the Addiction Research Foundation and we need to rely on it.

With respect to the Atlantic provinces, sir, we had the benefit last Wednesday morning, and Mr Kormos was there, of a one-hour teleconference with the chair of the Atlantic Lottery Corp and another member of that commission. They have not had a significant crime problem. They told us the way they operated, not only in that province, but in three of the other Atlantic provinces.

They also have a difference in New Brunswick and Prince Edward Island which Ontario does not share; that is, they introduced video lottery terminals in corner stores. We intentionally are not doing that. We're restricting them to licensed premises, to racetracks and charity gaming halls, so I think we need to compare apples with apples. I'm sure the opposition parties, including the NDP, want to be accurate in their assessment of the problem, rather than political in that regard.

I would ask you about employment opportunities, Sudbury and region —

#### *Interjections.*

**Mr Flaherty:** The 10,000 jobs that will be created —

**The Chair:** Mr Flaherty, our time has elapsed, in any event. Mr Mowry, I'd like to really thank you for the professional presentation you have made today. I'm sure you've done the city of Sudbury proud in the amount of work and research you've provided this committee, and I thank you very much for that.

### PREVENT A LITTER SUDBURY

**The Chair:** Our next presentation is Albert Nesseth, director and president, Prevent A Litter Sudbury.

**Mr Albert Nesseth:** Good afternoon. My name is Albert Nesseth. I reside in Copper Cliff, a small community which is geographically located just to the west of Sudbury proper and which politically has been amalgamated into the city. As your agenda indicates, I am a director and the president of Prevent A Litter Sudbury, an animal care organization which proudly claims to serve the entire regional municipality of Sudbury.

I would like to commend the committee for coming to Sudbury to hear our opinions, and to thank you in particular for hearing the concerns of PALS. We are grateful to Donna Bryce and Grace Griffith, who were quite helpful in accommodating our request to appear before the hearing.

I am speaking on behalf of a modest, non-profit charity, with the intention of lending our voices to what I trust has become a chorus of reminders; that is, to ask you to please keep in mind that the primary motivation of Bill 75 should be to further facilitate the financing of the important work of numerous Ontario charities. My thesis, then, is quite straightforward and I have chosen not to supplement it with a written submission.

Prevent A Litter Sudbury, PALS, needs continued access to the money generated by gaming in our community. Our valuable work depends largely on the funds that we raise in cooperation with our operator, Klondike Casino. We fully endorse the proposed improvements of Bill 75 as they apply to charity casinos. Prevent A Litter Sudbury has a mandate to educate the Sudbury public to

the benefits of sterilizing their family pets. We are also addressing the cat overpopulation crisis by sponsoring a spay/neuter coupon program through which we make cat sterilization affordable for needy owners. We help with feral colonies, as resources allow. We do not receive funding from any source.

Perhaps I could impress upon you, the members of the committee, just how critical these gaming assets are to our operation by quoting from our financial statement for the fiscal year 1995. In that year, PALS spent \$28,800 in pursuit of the goals that I have outlined. Some \$13,100 of this was raised at seven three-day charity casino events, so 45.5% of our 1995 expenses was earned in this way, at an average rate of approximately \$1,870 per three-day session. I might add that each of these sessions required 150 volunteer hours.

Klondike Casino has earned our trust. They have the expertise and are most professional in co-hosting our events, and they monitor the status of gaming in Ontario for our mutual benefit. Because we rely heavily on charity casino earnings to finance our valuable work, we are anticipating the natural progression of the local gaming industry.

This is what we are anxious to see and therefore appear before you to encourage:

Firstly, the approval of a permanent location for charity casinos in Sudbury. This decision is important if we are to overcome many of the hurdles that the nomadic nature of casinos has previously set in our way.

Secondly, we look forward to the approval of the installation of video lottery terminals at this permanent casino location. This surely is the key to allowing charity casinos to compete successfully with commercial casinos.

Changes, then, should have the purpose of directing money that is initially payrolled here in Sudbury towards our own local charities. Presently, much of this money is catching a ride to facilities in northern Michigan or, more recently, to Casino Rama. I am of the opinion that the introduction of VLTs could rejuvenate the charity casino cause locally but that without the presence of VLTs, even a permanent location will not have enough appeal. We will not be able to retain the locals, who will drive three hours to a glitzier commercial location, nor attract the tourists, who will pass through on their way to another gambling venue.

We have little doubt that once these changes are approved and enhanced earning power of charity casinos is confirmed, additional charities will be lining up for a piece of the action. The onus will be on PALS and other casino-experienced charities to take the government up on its offer to have direct input to the design of a mechanism to coordinate the financing of the needs of all of the charities. We welcome the reassurance made just this morning in this room that this mechanism can remain local. We do not want to have to line up with our hands extended towards Toronto.

I predict that some revenue-sharing plan will be agreed to, and it will help to secure the earnings that a particular charity can expect in a given period of time. Under this improved scenario, the potential certainly exists for a given charity to finance more charitable endeavours while actually holding fewer casino events.



1350

I've been advised to leave some time for questions from members of the committee, but please allow me to quickly summarize: Gaming has become an accepted means of financing charitable work in Ontario. For PALS, charity casino earnings represent a significant resource and we feel that inaction at a time when rivals continue to advance would jeopardize that resource. We request that this committee's recommendations provide for our modest earnings from this source to continue. In fact, we see these changes as having a win-win potential and dare to hope that we can expect revenues to be slightly augmented. We certainly will put the money to good use.

**Ms Martel:** Thank you, Mr Nesselth, for your presentation here this afternoon. I want to ask you about the VLTs and the location of the same. If the VLTs were put into bars too, and there certainly was a presentation this morning urging the government to do just the same, would your position still be the same?

**Mr Nesselth:** I regret that I missed that particular presentation after having been here early in the morning. I don't have an opinion with respect to the VLTs in bars. I'm just specifying that we need them in our charity casino to be an attraction.

**Ms Martel:** So if the government opens this up — and if there are 20,000 illegal VLTs operating in the province now, I suspect some of those might be in bars right now — if the government allows that to happen, would you be concerned that it might draw on the very same people you're hoping will come to your casino night and result in a loss of revenue for your particular organization?

**Mr Nesselth:** My concern with respect to the licensing is that we always ensure we have security on the premises. I'm confident that anyone who is in the casino gaming is of age, 19 years or older. That's the extent of my concern at this point.

**Ms Martel:** I would assume that people who work in the hotel and motel industry would have a similar concern and want to be sure that the people they are serving are of age, because they don't want to be hit by a fine, and that there is security. I really believe there are only so many gaming/gambling dollars in the community and it's a question of how people are going to choose to spend them and where. If you have VLTs widespread in the community you're just not going to be able to support the same kind of charitable organizations you once did and other charitable organizations are going to see a significant drop in revenues at the same time their provincial funding is being cut. I understand in your case you don't get provincial funding, but surely there's only so much money to go around, and if it's that extensive everyone's going to suffer.

**Mr Flaherty:** With respect to the casino nights, are you familiar with the frequency of casino nights now in the province of Ontario, the Monte Carlo nights?

**Mr Nesselth:** In Sudbury, for example, there is a maximum of two three-night casinos in the entire city in a given week.

**Mr Flaherty:** What I wanted to allude to is what has happened in Ontario and in the province generally since

roving Monte Carlo nights were introduced under the previous Liberal government. The reality today in 1996 is that we have 9,000 casino days a year in the province of Ontario — and yes, I know there are 365 days in a year, so you can see how many are going on — 3,000 events a year in the province of Ontario, 240 operators. We've got these casinos roving around, moving every day or two or three, extremely difficult to regulate, extremely difficult to have appropriate surveillance of. I'd ask you about your experience with respect to that. How important is it that there be adequate regulation and surveillance of roving Monte Carlo nights?

**Mr Nesselth:** I would concur. I have a listing here of three areas of concern in terms of the roving nature of the casino. It creates problems for us with respect to advertising and licensing. The wear and tear on the equipment has to be a concern for the host casino; less-than-ideal facilities for their staff and for us as well. The bottom line is that the regulation will be facilitated once that location is specified.

**Mr Ramsay:** Thank you, Mr Nesselth, for your presentation. Because I understand how your group really relies on the casino gambling and I know how important that is, I'd like to get back to a line of questioning that was started before. In the Sudbury region here what's the potential of the gambling pot? How much more money do you think there is available that people would use as discretionary spending into gambling?

**Mr Nesselth:** You used the expression "more money." In my presentation I alluded to the fact that we feel that a lot of the money is in fact leaving the community right now. They're going to Sault, Michigan; they're going to Casino Rama. The additional revenue I'm anticipating would be that created because these people would stay in Sudbury to spend their money, and we would also hopefully have that additional element of the tourist.

**Mr Ramsay:** If we carry on with your line of logic then, that because there are alternatives outside of this community where people can go — and you mentioned one of the new ones, Casino Rama — that are competition, shouldn't you be equally concerned about competition within your own municipality, the new VLT system that's going to put in one machine for every 550 people, which — I don't know all my math for the Sudbury population, this region — is a lot of machines? At about \$50,000 a machine, that's in direct competition to your casino nights that you derive your revenue from. Isn't that a concern to you?

**Mr Nesselth:** Again, the people are going to come. The two games that we have right now, blackjack and poker, are what are attracting them there. The VLTs I see as necessary to maintain that competitiveness and I don't consider it to be competition with establishments that are solely there for the purpose of serving alcohol. We are in the game of entertaining, so we have to draw that crowd.

**Mr Ramsay:** But once you get these sexy machines in over at Don Cherry's and here at the Ambassador and over at Cassio's and all over Sudbury region, they really won't have to come out to your casino nights that often because I can go in at 11 o'clock in the morning and start throwing my money away in these things. Your nights that are kind of special now won't be so special any

longer. Right here in Sudbury people who want to get involved in this activity can do it just about any time of day or night and won't be going to where you derive your revenues from. If I were you, I'd be concerned about that.

**The Chair:** Mr Nesseth, thank you very much for your presentation here today. Our time has elapsed.

**Mr Nesseth:** My pleasure.

1400

#### LAURENTIAN UNIVERSITY VOLLEYBALL CLUB

**The Chair:** We will proceed to the next presentation, Dr Kit LeFroy, Laurentian University Volleyball Club. Good afternoon, Dr LeFroy.

**Dr Kit LeFroy:** Good afternoon. I'll get right to it. I have a number of points I wanted to make to begin. There's no question in my mind from the information I have, and also from some conversations with friends in other provinces, that if VLTs are introduced on a widespread basis there's going to be a significant loss of revenue to local charities. It's almost inevitable. There's also going to be a loss of revenue to municipal governments. I understand this could be as much as 50% of some \$700,000 which the city of Sudbury currently gets from the Nevada licences. In effect, this amounts to a hidden tax on charities and local government. Also, obviously there's a possibility of loss of jobs in the Nevada industry and all the suppliers of the tickets and things of that nature.

Something that really concerns me is the loss of local autonomy in that control over a significant amount of funding is going to be shifting to the provincial bureaucracies, and that in spite of this promise of 10% revenue to charities. It's my understanding, for example, that in Alberta, at least until very recently, no funds have been released yet in spite of the province's promises.

My experience in dealing with provincial bureaucracies for some 30 years now is that they move very slowly, extremely slowly. I don't think Ontario's bureaucracy is any different from any other province's in that regard, particularly now we have so many cutbacks in terms of the civil service. Provincial bureaucracies are also sensitive to the political needs of the government of the day; they're not particularly sensitive to local needs. That's just the nature of the beast, not a criticism of the provincial government; it's just the way it is. They make the funding process, when you have to go through provincial bureaucracies, very lengthy, complicated and time-consuming.

For example, the Wintario process now is unbelievably complex and it's virtually impossible for all but the largest organizations to access those funds, as limited as they are. I want to take a couple of moments to give you some history, as I see it anyhow, in terms of Wintario, for example.

In the early 1970s, the Davis government promised that Wintario would be a sport lottery, and those of us involved in sport were extremely happy because this was seen to be a way of solving the sport and fitness and recreation funding problems. Indeed, for a while it was a seemingly bottomless pit of funding, but the reality is that

the government became sensitive to other groups and expanded it to include culture. The government also quickly recognized that there was a lot of money there. So they used the tactic of taking unexpended funds and turning them back to general revenues, as required by law, at the end of the year, in spite of the fact that there were many unfulfilled requests out there.

This history, by the way, has carried on through the Peterson government, through the Rae government, all the way through. It's never changed. So that in a period since the early or mid-1970s that process has been pretty consistent.

The problem is a very complex process. The government bureaucrats often didn't even know themselves how to access the funds because criteria changed, if not annually, certainly every other year. You never got to know how to get that money for the programs you wanted to run. The whole process was chaotic, time-consuming and very discouraging, to say the least. This process has continued, as I've said.

The bottom line is that control of a fairly significant source of revenue is going to shift away from local government to the provincial government. This current government has indicated that it's concerned about increasing local control and putting things into the local community. I'm wondering if this is in keeping with that philosophy. Certainly, a major local source of revenue will decrease; I mentioned that point before. It's going to have a negative effect on local organizations and charities.

No doubt, the organizations I represent, which are small and have difficulty raising funds, will be affected negatively, and that means fewer kids being served by the organizations I'm representing. Even if — and it's a big "if" — the 10% promise is fulfilled, given the history of the Wintario situation, I think the bulk of the revenue will go to the larger, well-organized organizations, and local organizations will be left out in the cold. History tells us certainly that's what happens.

I'm going to be very blunt about another point, and that is, given the history of provincial governments everywhere and over a long period of time, why should we trust this government to behave any differently than previous governments? I don't think we can see much of a change. It just stretches my credibility in my mind to believe that a government will willingly forego the VLT cash cow, or what it perceives to be a cash cow. At least one government minister has indicated that the government needs this revenue; I might add, so does local government and so do local charities. We all need the revenue.

The question that has to be asked is, how would this funding be replaced at the local level. Raising taxes? That remains to be seen.

One of the reasons for this was that provincial licensing of VLTs would legalize and control a situation where there are illegal VLTs. From a moral perspective I find that repugnant, but from a practical point of view it won't make them go away. People have these illegal VLTs because it makes a lot of money for them. By legalizing it, it's not going to discourage people who would engage in that kind of activity. Really, if we're going to carry that argument to its logical conclusion, why not legalize



the use of marijuana, cocaine, prostitution, because they're there and there's a lot of money to be made from them. I don't think this government, indeed any responsible provincial government would want to do that at this point in time, maybe ever.

I've two recommendations. Ideally, outlaw VLTs flat, putting aside all the moral reasons, and clamp down on illegal operations. If that can't be done or there's not the political willingness to do that, then minimally restrict VLTs to existing gambling establishments such as casinos, racetracks, offtrack betting establishments. You may have noticed I've excluded bingo halls from this. Given that VLTs will probably be under provincial control, it would be better to keep them out of bingo halls and allow bingo halls to run Nevadas, as they currently do. If we're going to disturb the situation, let's do it as little as possible.

That, Mr Chairman, is the substance of my remarks and I'd certainly be willing to answer any questions.

**Mr Hudak:** Just a quick comment on the idea of logical conclusions to arguments about legalization or government control of different kinds of activities: There are a certain number of criteria an issue would have to pass, a number of qualifications before any sensible government would legalize and try to control that. I think that would be that the government could do a better job in terms of benefiting the community by controlling and monitoring than letting the black market run it. But also, you have to have a good deal of public support for these issues, and other qualifications as well. I just find the argument a little specious to say that you would legalize marijuana and heroin and all that sort of thing. Certainly not. They don't meet the criteria that are necessary for when the government should step in, and gambling has passed that.

If you want to go along that line of argument, if you want to talk about logical conclusions to arguments, if you wanted to ban all government involvement with any kind of vice, so to speak, then you would get rid of all types of gambling, and alcohol and tobacco. I think it's a little simple to make that argument, with respect, because there are a number of criteria that have to be passed. In my opinion, the VLTs do pass those criteria I speak of.

**Dr LeFroy:** May I just have a quick response to that? I don't disagree with the general line of your argument. Then why would the provincial government not control directly all kinds of gambling — bingo halls, raffles, things of that nature? So I think your point is well taken, that there's that test of public acceptance, and I accept that as a valid argument. I was merely raising that particular point. In fact, there's probably a significant portion of the population, albeit a minority, which would suggest that some of those other vices ought to be legalized and controlled. I suspect it's not a huge group, but there's a significant, probably very vocal group that would want to do that. You're quite right; it's public acceptance. I don't disagree with that. But I really think the bottom line on the VLT thing is it's potentially a huge source of revenue for whatever level of government is involved in it and that really is the thing which is the strongest motivator.

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**Mr Flaherty:** Funding will increase for charities in Ontario as a result of this legislation of up to \$180 million. The commitment of 10% of total terminal revenues being provided to charitable organizations is in writing. It's in the budget document. Here it is. We've had it since May 1996. It's done. This is a government that keeps its promises.

**Ms Martel:** You said they wouldn't do VLTs in opposition, though.

**Mr Flaherty:** And Mr Kormos was against casinos. Yes, we know what your party's got to say.

The real question here, sir, and I think your concern is well put, and that is, if I may synopsise it, which charity gets what, and when and who decides? I think your concerns in that regard are very important. We are going to have implementation consultations. I share your concern about local communities and local groups in communities having a lot to say about how these important questions are decided. You're here on behalf of a volleyball club. The cancer society has an interest. The multiple sclerosis society has an interest, all kinds of charities. There are thousands of charities and important causes in Canada, and I hope your organization and other organizations that view themselves genuinely as entitled to participate in this large amount of money, this 10% of revenues —

**The Chair:** Thank you, Mr Flaherty. Your time has elapsed. We proceed to Mr Ramsay.

**Mr Ramsay:** Thank you very much for your presentation.

In your presentation you mentioned the Honourable Bill Davis. I'd like to take this time to ask legislative research if they would ask if there's any connection with the past Premier, the Honourable William Davis, with Marshall Pollock and the Ontario Video Gaming Corp. It would be nice to have that information over the next couple of days. I'm wondering why this is being pushed so hard by this government.

I share your concern, and even the government members are saying you should be concerned about this. Why are we taking this leap of faith, "Don't worry, you're going to get some revenues down the road; don't worry about your organization, we'll take care of you," when we're not addressing that first? We're going to take the leap of faith first: "Let's put the VLTs in. We're going to rake in a lot of money centrally. Don't worry. You just apply to us. Put your cap in your hand and come to us and we'll give you some money. Don't worry about it. Yes, your bingo's been ruined and your Nevadas have been ruined, but we've got lots of money. We've got more money now, \$180 million. Don't worry about it." Do you think we should be proceeding this way without some sort of comprehensive plan as to how we'll fund you?

**Dr LeFroy:** I think you've encapsulated my concerns which are the result of my experience over 27 years in Ontario and a couple of years before that in Alberta in dealing with provincial governments. They're well-intentioned. They intend to do good. The problem is that the hardest people to deal with are people who want to do good, because they see their cause as righteous and

often have blinkers on as a result. The problem is that in a province as huge as Ontario — I just yesterday did some nine hours' driving coming out of southern Ontario. It's a huge place and the needs in Chesley are different than the needs in London or in Sudbury or in Thunder Bay or wherever. I defy the wisest provincial minister, the wisest provincial bureaucrat to be able to make all those decisions in an enlightened, albeit very well-intentioned manner. It's beyond comprehension for me to believe that could happen.

**Mr Ramsay:** I understand what you'd like to at least see happen, if this is the way the government's going to go, is some sort of local mechanism that would make those decisions as to which charity in the Sudbury region, for example, would be able to receive some of these revenues.

**Dr LeFroy:** Absolutely.

**Ms Martel:** Thank you, Kit, for making the presentation here today. You hit the nail on the head when you said the biggest part of the problem here is that the control of how money is spent is going to shift from the local level, where people can deal with local needs right now, and shift to Toronto. At that point in time the government is going to make some decision about who's a charity, who's a legitimate charity, who is worthy of funding, and God knows how it's going to put some criteria together about that.

How do you think your volleyball club is going to stack up against the Canadian Cancer Society, for example? Because there's no doubt in my mind that the big charities that have a big name that can strike an emotional cord for people are the folks that are going to get the money here, and the people like yourself and other people we heard from this morning, like Madame Morvan from Kapuskasing, are going to get lost in the shuffle, are going to get snuffed out, aren't going to get a penny to still do the good work you do now in the community. That's the reality. That's what's going to happen.

**Dr LeFroy:** I agree totally. It's not that this government or any other government's got bad intentions. They don't. But how do they stand up to the kind of pressure which can be put forward by these large, often relatively well-funded organizations? It's just impossible.

**Ms Martel:** Maybe you can tell the committee at this point about the charities you're here representing, what they do, what the money is used to fund.

**Dr LeFroy:** I represent three volleyball clubs and the Ontario Volleyball Association, region 2. There's the Voyageur Volleyball Club, the Laurentian University Volleyball Club. We deal directly with some 70-plus athletes, and indirectly hundreds in a given year. These range in age from, I guess the youngest would be 13, up to about 19. We don't deal with adults; it's strictly youth. The impact of this could well be that we'll curtail our programs because we just don't have the funding. I'm not going to have kids going out on the streets selling chocolate bars. That doesn't do enough and, let's face it, I don't think it's safe for kids to do that kind of stuff.

**Ms Martel:** My concern about what's happening is the government has repeatedly told organizations they will have a chance to apply, and I think at the end of the day

the ability to get money from that process for a number of charities will be the biggest crap shoot of all. It really will, because it's going to be impossible for a government in Toronto to sit and determine what are legitimate and valid and proper charities in this community or in many others right across northern Ontario. It's just not on. The local needs that are now being met are not going to be met under the new structure, and people who really are deserving and really do need money are not going to get it. That's what I'm concerned about.

**The Chair:** Dr LeFroy, thank you very much for attending and for your presentation. We appreciate it.

#### NORTHERN ONTARIO FIBROMYALGIA NETWORK INC

**The Chair:** Carol Nesbitt, treasurer of the Northern Ontario Fibromyalgia Network Inc. Ms Nesbitt, welcome. Each member should have received a presentation. Please proceed.

**Ms Carol Nesbitt:** My name is Carol Nesbitt and I am here today representing close to 1,000 people afflicted with fibromyalgia. The majority of us are disabled and unable to work outside our homes.

Fibromyalgia is a term meaning pain in muscles, ligaments, tendons, the fibrous tissues of our body. This condition of widespread pain and intense fatigue has no known causes or cure. It is diagnosed by widespread pain in the four quadrants of the body together with pain in at least 11 of 18 tender points when pressed. It is an invisible and individual condition.

Other symptoms include non-restorative sleep; stiffness throughout the body; irritable bowel; digestive problems; vision changes; swollen glands; migraine headaches; skin rashes; problems with balance; clumsiness, dropping things; cognitive impairment or difficulties; thyroid imbalance; panic disorder; premenstrual syndrome; weather sensitivity; and irritable bladder.

Who are we? The Northern Ontario Fibromyalgia Network Inc is a non-profit association of volunteers who were brought together by a common interest in living better despite the chronic pain and disabling fatigue, as well as the many other disabling symptoms of the fibromyalgia and chronic fatigue syndromes. Our mission is to improve the quality of life for those directly or indirectly affected by fibromyalgia and chronic fatigue.

Why are we supporting Bill 75? Simply stated, the network would not exist without fund-raising. There would not be a quarterly newsletter, which I have handed out to all of you, which is some members only link to what is happening with their disease. The advocacy and counselling would no longer be happening. As a group we are not strong enough to participate in other forms of fund-raising. We have found that casinos are the perfect venue for us to raise funds.

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I would like to speak first on the proposal to have permanent halls. The network supports this venture, as it will help put more money in the charities' coffers. At present the operator must pay to have all the equipment set up in a new hall every three days, incurring labour costs, moving costs and wear and tear on the equipment. This cost, of course, is shared with the charity. A perma-



nent site would allow the administration offices to be in close proximity to the casino, which would be beneficial to both the owner and the charity. It would also mean greater security, as proper surveillance equipment could be set up to monitor the events.

As you are all aware, casinos are big business in Ontario and Canada, and it seems to be the only growing industry. Sudbury needs this economic growth, as it has seen a lot of jobs disappear recently. If there was a permanent site, with additional gaming tables, this would create more job opportunities not only in the dealer-management-administration area but for the service industry as well, as cooks, wait staff, cleaners and security would need to be hired. This would amount to greater than 400 jobs. Can this boost to our economy be ignored?

If this permanent casino site is administered and promoted properly, and knowing Mr Ohlgren of Klondike Casino, it will be, this will be beneficial to the city. By attracting tourists to the area, the hotels, restaurants, Science North and the stores can only benefit from it. If the permanent site could be situated in the downtown core, it would help revive an area that is not currently being utilized to capacity.

As a charity that does not receive any government funding, we are concerned about losing our revenue to Vegas Kewadin in Sault Ste Marie, Michigan, and Casino Rama, both of which are within easy driving time from Sudbury. This revenue is absolutely necessary for our network to continue to operate a toll-free hotline for members having trouble with their medications, advocacy and lobbying. As well, this revenue is used to produce a very professional quarterly newsletter that goes to each and every member, his or her physician and other health care professionals. The network is also able to provide free of charge packages, films and books to the self-help groups around the province. The network hopes to have enough revenue soon to embark on an awareness program for children with fibromyalgia.

I would like to see buses coming into the city, bringing tourists, instead of the other way around, which is what I see happening now. A permanent site would also give charities a set rate for the rental of the site. At the present time the amount of rent paid for a hall is atrocious and drains our profits, which could be put to better use, such as having every physician in Ontario have a doctor's information kit to enable him or her to understand our disease better.

At this time I would like to speak to the matter of video lottery terminals. Not being knowledgeable in this area, I have had to do some research. My findings are that they will be beneficial to the charities, and this should be all-important, as most charities have lost their government funding and must rely solely on fund-raising to keep operating.

We understand there will be some opponents to VLTs, just as there is opposition to gambling in general. It seems in our society that there will always be an opposing faction to whatever is being proposed. I am sure that after all the previous hearings, you have been exposed to every reason why there shouldn't be VLTs. I would like to share with you why there should be VLTs.

They're fun. They're user-friendly. Users are unable to cheat, like card counters try to do. They're no different than buying lottery tickets; the price is about the same. They attract more people; someone who doesn't wish to play poker or blackjack will come to the casino with a spouse or friends, be content to play the VLTs, and they will have spent a fun evening together. They will provide a harmless interactive venue of entertainment for people who are not into the bar scene and shows.

The vast majority want to play video lottery terminals. They enjoy playing video lottery terminals. They do not suffer an affliction playing video lottery terminals. Why not give the majority what they want?

On behalf of the members of the network I want to thank you for allowing me to appear before this committee today. Knowing that you will spend many agonizing hours coming to a decision on these issues, I can only wish you the best of luck. Hopefully you will remember that a lot of very sick people are depending on you to make the best decision for them.

**Mr Crozier:** Thank you, Ms Nesbitt, for your time. I'm a member of the Liberal caucus, so I will try to determine on its behalf — I see where you've done your own homework. My attempt is not to change your mind. You've drawn some conclusions at this point.

I would suggest to you, particularly in light of some of the comments you've made like, "They do not suffer an affliction playing video lottery terminals," things like that, that you attempt to get a report when it's made public, beyond this committee, of the city of Sudbury, since it's in your area. I think you will find in that some information that will help you further define your conclusions when it comes to video lottery terminals.

Your comments seem to centre specifically on VLTs being in permanent charitable gaming sites.

**Ms Nesbitt:** That's right.

**Mr Crozier:** So you're not making any comment with respect to their placement in bars and restaurants — licensed establishments.

**Ms Nesbitt:** No, I'm not.

**Mr Crozier:** Or at racetracks.

**Ms Nesbitt:** No, I'm not.

**Mr Crozier:** I have to admit, notwithstanding the fact that my wife is a nurse, that I have not heard of your organization before, so I would have to say that in the grand scheme of things it shares that lack of broad knowledge across the province. Would that be correct? Is it a relatively small organization?

**Ms Nesbitt:** Yes. It's beginning. As I said, we have nearly 1,000 people now. We're growing by a couple of hundred every year. We've just recently branched out into southern Ontario. It was started in Sudbury. The head office is in Sudbury. We are trying to educate the public and the doctors, as you'll see by the newsletter that we present. We started off with a one-page newsletter, front and back, and we've come to this professional — but it's only through our charity. We can't fund-raise. Most of us can't even get out of our homes. It is something we can do with help.

**Mr Crozier:** How do you raise most of your funding now?

**Ms Nesbitt:** Our membership fees come to about \$2,000 a year. We need about \$30,000 to run and the rest comes from fund-raising.

**Mr Crozier:** At charitable gaming casinos?

**Ms Nesbitt:** Yes, and other, smaller fund-raising things.

**Mr Crozier:** Selling tickets?

**Ms Nesbitt:** Yes, that type of thing.

**Mr Crozier:** It's become a concern of ours over these past few weeks and it's been expressed today that, notwithstanding the fact that the government is going to increase, they say, the total revenue that's available for charity, the ability of a group like yours to access that, I think, if you look into it, is going to be extremely difficult. You're going to be competing against some big players.

I'm inclined to agree with you that if VLTs are going to be introduced to the province, they should be only in those areas where people are licensed for gaming, ie, at racetracks or charitable gaming sites. So when you look further into this, I would ask that you consider what your problems are going to be in accessing this vast sum of money that the government is promising. Then you may want to comment further when we come to establishing regulations on this type of gaming. You may want to have some further comment.

I wish you well, and certainly your organization, which at this time may be little known, and that you're able to present your face to the public in a broader scope.

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**Ms Martel:** Thank you, Ms Nesbitt, for coming to the committee today. I want to focus first on your ability as an organization to raise money. You made it very clear to the committee members today that there are not government transfers involved in the operation of the organization and that you really are depending on the money that's raised, in this case you hope through the permanent casino process. You have also argued that VLTs, I suspect, should be in those establishments, so that would provide even more of an attraction for people to come, spend money, hence you get some money.

The government has not made it completely clear where some of these things are going to be located — that will be done by regulation — but I suspect that you will see them not only in permanent casinos, not only at the track, but probably in restaurants and hotels as well.

I need to ask you, given the obvious concern you must have around the ability to raise funds: What do you think will be the likelihood of your continuing ability to raise funds if there are VLTs at the racetrack at Sudbury Downs, if there are VLTs in restaurants, in bars and also at the permanent casino that you're hoping people will come to?

**Ms Nesbitt:** As I alluded to in my presentation, I hope there will be more people staying here instead of going in a busload. A bus leaves every day for one casino or another. I would hope we could attract them to stay and spend their money here instead of in Sault, Michigan.

**Ms Martel:** Do you think those people might not also be attracted, for example, to Sudbury Downs? Then they would have the benefit of not only horse racing but would be able to play the electronic slot machines while they are also betting on the horses.

**Ms Nesbitt:** Certainly.

**Ms Martel:** If that happens, if that becomes the attraction, do you not think there is the possibility of a drain of the very people you're hoping to keep in Sudbury and not on a bus tour to Sault, Michigan, not going to the permanent casino but deciding to go to Sudbury Downs instead or to come to this hotel, for example, or go to any other in the community?

**Ms Nesbitt:** It's going to depend on who can provide them with the most enjoyable place to play.

**Ms Martel:** Part of my concern has been that I think there's a fixed pool of gambling or gaming money in the community. When a number of organizations can offer that attraction, be it at the track or others, the likelihood of individual charities to continue to receive the same amount of revenue that they receive now is probably pretty unlikely, because people will be looking to go to other places. They won't be spending their money on Nevada tickets any more. They might well just be going to Sudbury Downs and playing the machines there.

**Ms Nesbitt:** I really can't comment on that.

**Ms Martel:** One other thing that you raised, and it's an important one, is how the money you get helps people who suffer from fibromyalgia. One thing you said that struck me when you were making your presentation was that one positive reason to have VLTs was, and I'm quoting, "They will provide a harmless interactive venue of entertainment for people who are not into the bar scene and shows."

The committee received information from a Toronto Star article, January 1, 1996, on the situation in Alberta, and some of the more negative consequences — I think health consequences — on people who are severely addicted to VLTs in Alberta. I would recommend it to you because there was very clearly well-documented evidence of the very serious health problems that people were suffering because of a gambling addiction that came through their ability to access VLTs at restaurants and other places.

What I'm concerned about is that while we try to spend money to provide for the health care needs of people in your organization, we're causing a problem on the other end by increasing the potential for gambling addictions for a whole host of people right across this province. That's very much my concern about what's going to happen if we have them in 20,000 establishments, which I think will not be 20,000 establishments but probably a heck of a lot more by the time we're finished.

**Mr Ron Johnson:** I want to thank you very much for your presentation. I can tell you that you probably represent some of the smaller charities, some of the smaller non-profit groups that the opposition wants to claim will be snuffed out because of this legislation. I happen to believe in what you say, in that this will enhance your ability to perform as a non-profit organization.

I'm looking here, and oddly enough it's somewhat ironic actually that you're appearing in front of the justice committee, because this is the same committee that dealt with Bill 19, which dealt with a lot of advocacy issues and that sort of thing. It was the same committee



that dealt with that issue. I'm reading your newsletter, and in this newsletter what I'm seeing in large part is advocacy work. That's really what your organization does on behalf of its 1,000 members and those affiliated with fibromyalgia that don't necessarily belong to this group. You perform advocacy work on their behalf, the very type of work, I might add, that the people across the way here said would never happen, that they needed a huge, multimillion-dollar bureaucracy to do. But you're doing it at the local level. This is what we believed, in our caucus, is what would happen. I'm interested to see that that's the kind of work you do and I certainly congratulate you for that.

My question to you is this: Despite what Mr Crozier and the Liberal Party want to say, we're dealing now with the permanent location charity casinos, something that I know you're familiar with because that's where you get the bulk of your fund-raising money. You know, and I know you've done some research on this, the expenses that they have to incur because they relocate every three days and that money is coming directly out of the pockets of the charities. So what we're seeing now is 10 times the amount of money going to charities because we're fixing them in a permanent location. If you multiply by 10 the revenue that charities across this province are getting right now from charity casinos, do you really believe, as Mr Crozier would have you believe, that you're going to be snuffed out in terms of the funding, when we've got literally 10 times the amount more money to hand out to charities?

**Mr Crozier:** Not in the long term, snuffed out. I see difficulty accessing.

**Mr Ron Johnson:** Do you believe that you're going to have fair access to those funds, and what do you think it would mean to your organization?

**Ms Nesbitt:** As vulnerable people, we have to depend on the government we elect to do the best for us.

**Mr Ron Johnson:** I'm glad you said that, because I can tell you that something that's very important to us is to make sure the community-based organizations that in some cases are doing advocacy work are treated fairly. You have my word that we're going to do our best to make sure that happens. I know that we're dealing now with the type of fund-raising initiative for charities that is really going to increase opportunities for non-profit organizations and I believe this bill will do that.

I know Mr Hudak has a question, so I'll pass it on to him.

**Mr Hudak:** I'll be very quick with this. It's in support of Mr Johnson's remarks and I also support his commendation for the work you do with fibromyalgia. A lot of people in my office deal with this particular issue. It's certainly difficult to get attention to them, so I salute you as well in the work you do.

I just had some information here in terms of the impact of VLTs on charitable gaming. In Saskatchewan, with the introduction of VLTs and temporary casinos, total charitable gaming went up 8%. In PEI, the same thing happened; VLTs grew, but at the same time, charitable gaming revenues grew. In New Brunswick, VLT revenues went up 12% between 1993 and 1994; charitable gaming went up almost 4%. In Manitoba, a 96% increase in VLT

revenues; at the same time, charitable gaming increased. So I think the fearmongering doesn't hold. I think it's a little irresponsible. It captures headlines.

**Mr Ron Johnson:** It's a good-news bill for charities.

**Mr Hudak:** In terms of a realistic look at gambling in the entertainment market, it seems like the pie is growing. It's been growing consistently for a long period, even over difficult years, and the evidence from the other provinces certainly suggests that even as VLTs grow, the amount of money to the charities like yourself that do the work in the communities has increased.

**The Chair:** Thank you, Ms Nesbitt, for your presentation before this committee.

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### SILVER LAND BINGO

**The Chair:** Our next presentation is Ms Lou Calvert, representing the Silver Land Bingo.

**Ms Lou Calvert:** Good afternoon. I'd like to start by saying, not in my town. These VLTs are nothing but suicide to the local charities and to everybody in the community in whole. I think the only place VLTs should be allowed is in casinos, and people walking into them knowing what they're expecting. If you're walking into a restaurant, seeing one of these things sitting in the corner, you're not going to buy a cup of coffee, you're not going to buy a meal, you're going to go straight to these things hoping to get a bigger return.

I find that being not a local gambler, or any kind of gambler myself — I do own a bingo hall, but I ain't making money. I've just started. I opened my bingo hall in June. I run three days a week and every penny earned in that bingo hall goes back into the community. I allow the people the right — in playing the bingo, they know exactly where all of their money is going. One of my policies in running my bingo is to be responsible to the people playing and spending their money to know where the money is going to. Each charity that makes any money whatsoever is asked to bring a letter stating where the money is going.

The only one gaining from these VLTs as far as I can see is the government itself. They've already slashed everywhere they can slash. They've already taken as much as they can take from the citizens of Ontario, and now they want to take whatever is left, masking it as entertainment. Well, this is not entertainment. You might as well hand these people a razor blade and tell them to do themselves in and then find places to bury them. It's absolutely ridiculous.

You're supposed to be responsible people doing the best for the people you're working for, and you're not. I'm doing my best. All of my money, like I say, stays in my community. The municipality money stays in its community. The money the government is giving us is very, very little to survive on. We're a mining community. We have no mining any more. So I'd really love somebody to tell me who came up with this idea and how they're going to rectify the situation after these things have gotten through the market and there's no money to be found anywhere except for the government wearing nicer socks, nicer suits and flying God knows where on

our money and furnishing their office buildings with furniture that I could never even possibly afford to look at, let alone buy myself.

That's all I have to say. Thank you.

**Mr Kormos:** We were down in Fort Erie, down in the Niagara region, and people from Delta Bingo spoke with us. Now, they're a pretty big operator in your business. They indicated several — I don't know exactly how many — bingo halls and some pretty big grosses, a lot of money coming in and out. They've been in business for a good chunk of time. There's the second generation involved in the operation. How long have you been operating your hall?

**Ms Calvert:** Since June.

**Mr Kormos:** How did you get into this? Was there a hall there before you became the owner, that you acquired?

**Ms Calvert:** Yes, there is a hall there. They run seven days a week, two bingos every day except for Saturday and Sunday, when they run three.

**Mr Kormos:** But you say you're running —

**Ms Calvert:** I run three.

**Mr Kormos:** You run three bingos out of this hall.

**Ms Calvert:** No, out of my own.

**Mr Kormos:** Oh, out of your own hall. So you're the second hall in the area, in the community.

**Ms Calvert:** That's right.

**Mr Kormos:** In effect, competing, if you will, with the other hall. Is that fair or unfair?

**Ms Calvert:** Actually, no, I'm not competing with him. There's no way I can compete with him. The services that he offers I just simply cannot offer, because my crowd is small.

**Mr Kormos:** So how do you do it? Why do people choose to come to your hall rather than the other hall, the seven-day-a-week hall?

**Ms Calvert:** Because it's only three days a week, it's a novelty, they know exactly where their money's going. I make it a policy, like I say, for every charity that goes in there, every dollar earned is documented, not only through your licensing, where you have to determine where this money is going, but the people themselves playing in the hall know exactly where the money is going. They're informed.

**Mr Kormos:** That's how you've tried to make your operation unique or distinct in terms of letting the players know where their losses are going.

**Ms Calvert:** That's right.

**Mr Kormos:** You've got to understand, Ms Martel and I share your position on these VLTs, which is just a slick new way of naming high-tech slot machines. These things will suck a loonie out of you every 1½ seconds. That's fast play. Some people have called them, instead of VLTs, vulgar little thieves, which I think is not an inappropriate appellation. Some of the bingo parlours are scared, in places down in Fort Erie, where they're in the same vicinity as a racetrack, because the government has already made the deal. The fix is in.

**Ms Calvert:** I'm not afraid of them.

**Mr Kormos:** The government has committed itself to putting VLTs, slots, in the racetrack, and the bingo operators and the charities who are accommodated by

them know that there is going to be some — they call it cannibalization.

You're a small business person. You're here just like some other bingo operators were here earlier today, just like break-open ticket dealers have been here, telling the government to slow down.

*Interruption.*

**Ms Calvert:** I'm sorry.

**Mr Kormos:** I know. It's distracting.

**Ms Calvert:** It's distracting, yes.

**Mr Kormos:** You ought to be with these guys for three weeks in a row. Tell me about distractions.

So are you telling the government to slow down and cool its jets?

**Ms Calvert:** Yes, I am. I'm telling them just to keep them where they're supposed to be, in casinos. People will go to casinos if they want to go to casinos. People will go to restaurants if they want to go there. They know what to expect when they're walking into an establishment. When you're walking into a bar for entertainment, you're looking to go there for maybe a couple of drinks and some music for dancing. In a restaurant, you're going there for coffee and for food. In the bingo hall, you're going there to play bingo. In a casino, you know what you're expecting.

**Mr Kormos:** The slots are big business. It's a multi-billion-dollar business, and what's remarkable, it's kind of interesting, the parallels, because they've spent a fortune trying to convince people that playing a slot machine is entertainment, the same way the tobacco industry has spent a fortune trying to convince people that cigarettes aren't addictive nor do they cause cancer, the same way the beer industry spends a fortune showing cool, nifty teenage kids in the Molson ads and in the Labatt's ads partying and drinking their beer. They're a very powerful industry, and I appreciate your comments here today.

There's just been report after report warning this government about the dangers inherent in a wide-open slot jurisdiction. By God, I hope they listen. They don't seem to have listened to folks in Kenora, in Thunder Bay, in Ottawa, in the Niagara region, in Toronto, folks who have expressed concern.

I understand why some people — because there's big money to be made. God bless you.

**Ms Calvert:** Huge money.

**Mr Kormos:** Take care. Thanks for coming today.

**Mr Flaherty:** Thank you for your presentation today. How many days a week is your bingo hall open?

**Ms Calvert:** Three.

**Mr Flaherty:** Three. Do you have any information about how much money people game at your bingo hall?

**Ms Calvert:** How much money they spend, or how much they get back?

**Mr Flaherty:** How much they risk at bingo; how much money they spend, yes.

**Ms Calvert:** The average spent at my bingo hall is \$32 per person per attendance.

**Mr Flaherty:** The \$32 per person per attendance, do you consider that moderate and reasonable?

**Ms Calvert:** Actually, I find it quite high, because normally a bingo hall is averaging about \$23 a person.



**Mr Flaherty:** So you wish it would be somewhat more modest. This business you mentioned about VLTs leading to slashed wrists and so on, do you have any idea how much the average VLT player in the eight provinces in Canada that have VLTs spends?

**Ms Calvert:** I have no idea. I have only heard rumours.

**Mr Flaherty:** We have eight provinces that have VLTs. Some of them have had them for years. The average spent is \$10 each time —

**Ms Calvert:** I don't think so.

**Mr Flaherty:** Played once or twice a week, and also —

**Mr Kormos:** Why don't you study one province?

**Mr Flaherty:** I know that Mr Kormos doesn't like the facts because they confuse him, but I think we have to be careful that we don't look down our noses on the people of the province like Mr Kormos and be a neo-prohibitionist, and say if the majority of the people view it as a form of amusement, as the majority of people view bingo —

**Ms Calvert:** No, I don't think so.

**Mr Flaherty:** — then we should not be judgemental about it. We should say all right, if we do it in a controlled way and if the figures are, as they are in the rest of Canada that has VLTs, \$10 each time, and people stick to a predetermined gaming budget, then it's difficult to see how that is an economic threat when they're spending more on bingo today.

**Ms Calvert:** I believe that maybe you are understating exactly how much people spend.

**Mr Flaherty:** This is the study, if you'd like to look at it.

**Ms Calvert:** The study — I could write a study myself.

**Mr Flaherty:** Well, no; we have them. See, this isn't academic. We have these machines in eight provinces in Canada. We've had them for several years. We've heard from the Atlantic provinces; we've heard from Quebec; we've heard from Alberta. Mr Kormos was present last week when we heard from them.

**Mr Kormos:** You heard today about the crime and the addiction.

**Mr Flaherty:** Unless we're going to be judgemental about gaming and say we like bingo but we don't like VLs, we like break-open tickets but we don't like casinos — it's all gaming, and the concern has to be that there's moderate use and that people are being mature in their use of gaming. I'm sure that's what you want in your own gaming facility, your own bingo hall.

**Ms Calvert:** No. What I would like in my own gaming industry — and I do it with an ultimate line of respect of the people going in and playing it, knowing exactly where the money is going. In this form, the VLTs — you're saying you're going to collect \$180 million and hand over some to charity. Being a betting person myself, I can almost guarantee that Happy Paws or the Bunker or the Kiwanis Club or any of the other 13 charities that are on my list will never see one stinking penny from this venture, none.

**Mr Flaherty:** What about the charities that are not on your list?

**Ms Calvert:** What, like the cancer that are going out and spending millions of dollars just in advertising?

**Mr Flaherty:** No. The reality is that there are many worthwhile organizations in every community — in Sudbury, in Kenora, in Thunder Bay, in Toronto — and not every one is on the list of charity bingo halls —

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**Ms Calvert:** We get it all from Nevadas and bingos and selling tarts and doing bake sales and craft sales.

**Mr Flaherty:** — and that is why we're going to do a further consultation, so that every group that considers it worthwhile in the implementation phase can say, "Hey, I think my group is worthwhile and should have some funding," so that there is local input. This enabling legislation, Bill 75, doesn't say that any of your groups don't get money. What it does say is that there will be substantially more money for charities in the province of Ontario, and I'm sure you're concerned —

**Ms Calvert:** If they're put on a waiting list for three years. It takes three years now to get 6/49 funding, which was supposed to be set up for the same purpose, which isn't being used for this purpose any longer. You have a three-year waiting period before you can get a nickel from Lotto 6/49. What ever happened to that? Oh, it's brushed under the carpet. Everyone is used to it now; everybody tolerates it.

**Mr Flaherty:** I'm sure your concern is with the amount of money that goes to charities, not to bingo hall operators.

**Ms Calvert:** Exactly, since I don't have any money coming to me at this present time, nor do I see it in the future as well.

**Mr Flaherty:** I hope you'll participate in the discussions about which is a charity and which will qualify and how the money will be attributed in the province. I think your input is very valuable and we've heard what you've said today. Thank you for your presentation.

**Mr Crozier:** Thank you, Ms Calvert, for your presentation today. You mentioned that notwithstanding the fact you thought it was too high, the average spent in your bingo hall is \$32. How long would it take me, if I were to go in and be the average bingo player, to spend that \$32?

**Ms Calvert:** How long would it take you?

**Mr Crozier:** Yes. What's the length of a bingo session?

**Ms Calvert:** A bingo session is at least three hours long. That's the average spend. What they do is average that out through the population, as I'm sure this man here took 10 million people and averaged it out to \$10. I mean, you could spend \$10 in two minutes there. I went to casinos. I've seen people dump \$2,000 into these things in less than a half-hour. What did they get back? Nothing. They go home broke. It's just a big problem.

**Mr Crozier:** That's my point, to illustrate that the \$32 average they may spend at your bingo, which may take two or three hours, can be spent in 48 seconds on the VLTs. I support what you said at the outset, your very first comment.

One thing that I share with you, among others, is your concern about community and the fact that the money raised in the community stays in the community. I appreciate the fact that you wanted to make that point. You've said that clearly and you've said that simply, and

we appreciate your taking the time to come here today. Thank you.

**The Vice-Chair (Mr Ron Johnson):** On behalf of the committee, I would like to thank you very much for your presentation.

#### ONTARIO METIS ABORIGINAL ASSOCIATION

**The Vice-Chair:** The next presenter will be the Ontario Metis Aboriginal Association, Harry Daniels and Mike McGuire. Good afternoon.

**Mr Michael McGuire:** I would like to introduce myself and my companion at this afternoon's presentation. I am Michael McGuire, president of the Ontario Metis Aboriginal Association. My friend is Harry Daniels, chief negotiator for our association and a veteran of a number of political and program developments at the national and provincial levels over the past number of years.

The Ontario Metis Aboriginal Association is celebrating its 25th anniversary this year. Our organization would like to extend an invitation to the members of this standing committee to attend a meeting of this association being held August 24 and 25 in Sault Ste Marie, at which time this milestone event will be celebrated. Not only will this quarter-century anniversary of service and accomplishment be recognized, but more importantly, major initiatives of the organization that will affect the entire constituency of the organization into the foreseeable future will be brought forward for discussion by representative of OMAA's communities from across all of Ontario.

The Ontario Metis Aboriginal Association is the representative body of the off-reserve aboriginal people in Ontario, a group comprising the Metis, Indians, Indian people without treaty and off-reserve Indian people. The association is organized geographically into five regional zones, as follows:

1. Wesawkwete; Leah Gardner, president.
2. The Northern Lake Superior Aboriginal Association; Tom O'Connor, president.
3. The Aboriginal Peoples Alliance of Northern Ontario; Howard Restoule, president.
4. Alliance for the Advancement of Nishnawbe of Central Ontario; Ed Belanger, president.
5. Southern Ontario Metis and Non-Status Indian Association; Sherry Hamelin, president.

In addition to these five zones, some 70 locals or community-level associations within the province are also part of OMAA's structure. Some of these local community organizations and their representatives have been members and fundamentally a part of the activities of this organization dating back to a time before the association itself was incorporated, such as the Lake Nipigon Metis Association, created in 1967, and the Armstrong Metis Association, established in 1968. These organizations, along with others, formed together into a provincial organization to create a single voice to speak on their behalf.

In appearing before you today, we wish to advise you and go on the record as stating that, in addition to the need of our provincial organization for at least one casino

licence, each of the five zone corporations listed previously has requested that in our presentation to you we make clear their individual requests for a charitable licence for each of their separate corporate and geographic entities. We would like to bring to your attention and to the attention of this government that our organization does not want to stand in the way of progress. By applying for these licences it is crucial that our organization becomes a part of the developing casino and gaming trade on behalf of the constituents we represent across this great province.

Less than two weeks ago, at a similar presentation held in Thunder Bay on August 8, we made a presentation on the subject of operations of charity casinos and the role that organizations such as OMAA could play in the operation of such facilities, based on their extensive management track record; in OMAA's case, going back over a quarter of a century in developing and economically administering programs in a variety of areas. Rather than repeat that presentation today, we would simply remind you of our earlier presentation and append today's remarks to that earlier statement.

Concerns have been raised over the potential addictive nature of gambling, particularly with regard to the proposed thousands of video lottery terminals announced for replacement in the most recent provincial budget. Gambling addiction and the social impacts of such addiction on people and communities are concerns we share. Our response is to state that if this government has a concern with the potential cost of gambling addictions related to the placement of government-sponsored video lottery terminals across the province, we would ask the government to provide registered operators of VLTs with the amount of funding that is being provided by the province for the rehabilitation of other addictions.

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For example, how much is the Liquor Control Board of Ontario setting aside per dollar of revenue from sales of alcohol for the problem of alcoholic addictions? As another example, what amount does the government require from the tobacco industry and taxes raised on the sale of the tobacco products towards combatting tobacco addictions? Beyond these questions, who or what organizations have the requisite skills in terms of dealing with rehabilitation from addictions?

Over a number of years, our organization and a number of other aboriginal organizations have developed a strong network of support services designed to combat addictions among our people for substances and practices associated with the adoption of non-aboriginal pursuits. If any group requesting the provision of casino and VLT gambling licences knows the potential impacts of addictive behaviour and how to combat it, we are the experts.

We are prepared to accept both the costs and the benefits of this new initiative, however, and stand ready to meet the requirements of the province of Ontario in accessing these licences.

**Mr Hudak:** Thank you for your presentation, gentlemen. It's good to see you again. We ran into each other; was it at Thunder Bay?

**Mr Harry Daniels:** Right.



**Mr Hudak:** As part of the consultation in terms of the \$180 million that the government believes will be raised through the actions in Bill 75 and through the budget, what's the best mechanism for ensuring that the charities in need, groups in need — things like the hockey team or services you'd have for the Metis community — what's the best mechanism for determining how these revenues should be divided up?

**Mr McGuire:** If and when we get our regional licences for our organization and one for OMAA, if you look across this great province and in some of the Metis communities in northern Ontario, you will find in their housing they have actual snakes in their buildings, because they live in little log shacks, and I'm sure the profits of this casino will be used to upgrade the housing in these Metis communities.

**Mr Hudak:** Coming from Niagara South, in the southern Niagara Peninsula, we have a very large off-reserve native population, mostly from the Six Nations. Given that maybe the aboriginal community has some special needs or some special circumstances in this area, how can you assist the off-reserve populations as well? We were talking about the Metis; we were talking about the reserve population in the northwest. How could we ensure that the people in southern Ontario, the off-reserve natives, can be assisted through these funds?

**Mr McGuire:** The Ontario Metis Aboriginal Association has local associations across Ontario, so it doesn't matter if the problems are in northern Ontario, southern Ontario or eastern Ontario. We are a provincial organization that deals with these people on a day-to-day basis. We will ensure that any funds raised from there — as an example, the other day a young man died in the community of MacDermott. The father phoned me up at 7:30 in the morning and said: "My son drowned. You know, I haven't got a God-damned thing" — excuse my language, but that's what he said — "to bury him or anything like this. Can you go around the community and maybe take a collection so we can have some money to bury him?" This would be one example of how these funds could be used to help people across this province, if it's only for a burial fund, to get the snakes out of the buildings or to help put the homeless people in Red Lake into shelters. Even in Red Lake, where one of the richest gold mines of Ontario is, the aboriginal people walk around like a herd of cattle up there. Yet the town there burnt their buildings down, their little shacks that they went to every day. The same would apply into the different parts of Ontario, regardless of if it's Niagara region, London region or any other part of it.

**Mr Hudak:** Here's another question for you. It's a topic related to Bill 75. Does the Metis community or any other aboriginal community face special challenges because of socioeconomic conditions in terms of addiction from gambling? Does that currently exist? Is there a higher rate of gambling addiction on reserve among the Metis than among the general population or do you anticipate anything like that, or do you think we'll see the same sort of 1% or 2%?

**Mr McGuire:** I don't think there's any addictions that are not available right there today. For instance, you can go out and buy 100 6/49 tickets or you can go buy 50 \$2

tickets or you can run to the church bingo or you can go to other establishments to spend your money and hope to win.

**Mr Ramsay:** I'd just like to thank you very much for your presentation. I just hope, like you, that the government members have listened, as they did in Thunder Bay, and will take note and hopefully would be open to amendments that would reflect some of your concerns.

**Ms Martel:** Thank you to our presenters today. I want to ask you a question about your participation in gaming and what the likelihood of that to be increased or to be stabilized might be.

I want to just go back to what I understand happened on the new casino just outside of Orillia. As I recall, our government entered into an agreement with the first nation that a certain portion of the proceeds would be returned directly to the community for economic development purposes, shelter purposes, whatever the first nation saw as a priority for the development of their people. Then what happened when the new government came to power is that the agreement was reneged on by this government. So the first nations who thought they were going to have a very specific share of the proceeds and the profit from the casino no longer have that to look forward to and no longer have the kind of money they thought they were going to have to do some of that important economic development work and housing work and other needs that had to be met.

Having that as the example we've had from the government around gaming, a casino and an agreement with a first nation, how confident are you that this government is interested in any kind of participation with the Metis people around gaming and use of profits from gaming for economic development of your people?

**Mr Daniels:** That's got to be done in the first instance. When you're developing the infrastructure and the process whereby you're going to deliver these kinds of institutions or make the legislation that is going to enable you to do those kinds of things, it has to be written down in the first instance how this is going to happen. What we're talking about here is a jurisdictional question. In the final analysis — and let's not fool each other — the province certainly has jurisdiction to enable itself to do some things through legislation, by the legislative branch.

The other problem we have then is, how do we influence the kind of change that sees us take control of that end of our lives? We asked a question and we'd like to have that answer at some point in time: How do you define charities here? Is the province of Ontario a charity to take 20% off the front end instead of taking the money off the back end after the charities have been serviced? That question has not been answered. I think in your deliberations, when you go into the next two days of amending what has happened so far, that has to be addressed. If it isn't, then you're being dishonest with the people of Ontario and you're being dishonest with the aboriginal people.

To be more direct, I'd like to direct myself to your statement. How confident are we? Well, we aren't very confident at all, because since 1850, when the treaties were signed, nothing has happened or transpired that is going to see anything real from the province of Ontario

for the Metis people through Liberal, NDP or Progressive Conservative governments. That could be a sad commentary on the way that people treat aboriginal people, of course. But what we're talking about — and I want to go back to it — is jurisdiction and control. How much jurisdiction is going to be exercised by the charities? How much control do they have?

Then maybe I'd answer the question that you were directing yourself to, Mr Brown — Mr Brown, is it? I've got the wrong one. Oh, there you are. Yes, of course; there's one guy missing.

Anyway, if you don't have jurisdiction and control and the management and the ability to deliver the kinds of services to your people with the funds you would receive and to build in those kinds of mechanisms to take care of the addictions — it says here in an article from Ottawa that "money and not morality was the biggest preoccupation." Well, the morality is part of our preoccupation too, although we see that if this is a fait accompli, as I stated in Thunder Bay, then what you're dealing with is a government that is going to grab 20% off the top. We're going to get something near the end, whatever falls off the table. If we don't change that scenario, it seems the government has taken upon itself to define itself as a charity, the biggest charity.

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**The Vice-Chair:** I'm sorry. I'm going to have to stop you there. We are out of time. On behalf of the committee I want to thank you for your presentation.

**Mr Daniels:** I thought I had 20 minutes. Only 10 minutes?

**The Vice-Chair:** It was 20. I have the watch here.

**Mr Daniels:** Oh, it's your watch that rules. I'm sorry. If I had known that, I'd have been a little better prepared.

#### STANLEY HOTEL

**The Vice-Chair:** The next presenter on the agenda is Dave Morris, owner of the Stanley Hotel. Good afternoon.

**Mr David Morris:** I'm the owner of the Stanley Hotel in Matheson, Ontario, just 60 miles west of the Quebec border in the northeastern part of our province. As a zone director for the Ontario Hotel and Motel Association, my zone takes in the city of Timmins, the towns of Hearst, Kapuskasing, Smooth Rock Falls, Cochrane and Iroquois Falls, and the township of Black River-Matheson. These are all small communities with a population of 10,000 and less, except for the city of Timmins.

In my presentation today I am supported by all the members of my zone, plus a number who would like to be members but who just cannot afford to be members at this time. The majority of the licensees are small-town, rural Ontario businesses that have over the last 12 to 15 years been legislated beyond reason, taxed to death by the provincial and municipal governments, plus the fact that we have just come through a recession that has bankrupted more large and small businesses than any other recession we have seen.

Yes, we are supportive of Bill 75 as it relates to video lottery terminals and we urge the government to get VLTs online to the hospitality sector as quickly as

possible. This industry has been beaten, stomped on and tortured to death in the past years. That is why we have lost over 100,000 jobs and seen 1,400 bankruptcies and sales have dropped over 20%, and much greater in other parts of the province.

To many, and I mean many, VLTs are going to be the umbilical cord to survival in the hospitality industry. It is time the provincial government climbed out of its ivory towers and got down to earth to find out what is going on in this great province and in this industry. There are more illegal VLT machines floating around than anyone can imagine. Finance Minister Ernie Eves estimates 15,000 illegal machines are operating in the province now. That means our government is losing \$500 million-plus, the revenue on illegal machines that are operating in the underground economy, \$500 million which could be used to support many government programs that we cannot afford to support now.

The controversy that VLTs will significantly increase the potential for compulsive gambling is like trying to hold water in a strainer. Government or anyone else is not going to dictate to people what they will do with their own money, or where. If people choose to go to Vegas for a week's holiday to gamble, that is their choice. The only one who loses is the provincial government and the people of Ontario because the politicians do not know when to take their heads out of the sand pile. The business people in the province of Ontario are sick and tired of being legislated, dictated to and taxed to death by government.

Some 80% of the new jobs created in the province of Ontario were created by small business. With the implementation of VLTs in the hospitality industry, hopefully we will be able to put a stop to licensees going bankrupt and maybe, just maybe, with the increased traffic in our business we'll be able to hire our staff back.

To summarize, if government's intention is to try to stimulate the economy of the province, then it is time we started to listen to the business people who are experts in their own field. They know what is good for them and what is not good for them. Government is meant to govern and listen to the people to create an atmosphere of investment, not to destroy it.

On behalf of myself, my zone and my employees, thank you for allotting me this time. I will be happy to answer any questions.

**Mr Ramsay:** Thank you, Mr Morris, for your presentation. I was wondering if you could give us some specifics as to what you believe would be the benefit to your business. How many machines would you envision? What do you think that would do as far as generating additional business is concerned, through the VLTs themselves and maybe through the food and beverage end of your business?

**Mr Morris:** I'm hoping the VLTs will create traffic in my establishment and the other establishments, I hope not only in the beverage business but in the food business. VLTs are no different than going out at night to a beverage room or to a bar and playing pool or playing a pinball machine, except for the fact that the VLTs pay off and the pool table doesn't, that you see. I know it's illegal to bet on a pool game, but I have pool players



who have bet \$50 and \$100 a game that I don't see, but I know they're getting paid off.

Like I said, take your head out of the sand, people. VLTs are going to be there whether you want them or not. My concern is, where is this money going to go? Is it going to go to the charities it belongs to? Is it going to go to hospitals? Is it going to go to education? That's my concern. My concern is not VLTs. Let's get them in there. Let's get some money into the coffers.

You people talk as if this thing is going to go away. It's not going to go away. Every day in my business I'm asked to buy illegal booze, illegal cigarettes, and to bring in the grey machines. It's not going away. It's been there for five or 10 years. Our concern should be, as government people, what are we going to do with this money and how can we control it?

**Mr Ramsay:** I'm very interested because of the riding I represent. It's just south of where you live, Timiskaming. How big a problem do you think these grey market VLTs are? Do you have any sense of how many there might be in our area, between Timmins, Matheson, Kirkland Lake and New Liskeard? How big a problem is it?

**Mr Morris:** I would say that between our area and the New Liskeard, Tri-town area, the Matheson, Kapuskasing and Hearst area, they are similar. I would say there's about 400 or 500 machines in the area.

**Mr Ramsay:** Wow.

**Mr Morris:** These machines move around because these people rent motel units, they supply a night of gambling, they rent hotels, they supply units there and they have a night of gambling, and some people even have backroom gambling bars, so you're not going to get rid of them.

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**Mr Ramsay:** Obviously this type of activity must cut into your business. You want to have them because you want to compete with this. Obviously people would go to these backroom operations instead of going to your legitimate place, so they're hurting you at the moment.

**Mr Morris:** I wouldn't say they're hurting me. The part that's hurting me is that the money is not going where it should go; the money is going into private and individual's pockets. That's where the money is going. Most of these machines, I would say 90% of them, are coming out of Quebec, or coming through Quebec. Whether they're coming out of Quebec or not I don't know, and that's where the money is going back to.

**Mr Ramsay:** Are any of the local people like you who are concerned laying any complaints to the police about this activity so we could stop it?

**Mr Morris:** Have you ever stood on the edge of the cliff and wanted to jump off? I don't want to jump off. I report this to the police and they're going to be patrolling my business more. I've got enough problems with them now.

**Ms Martel:** Thank you, Mr Morris, for taking the time to drive here today. That was a long haul for you to make a presentation in Sudbury, so we appreciate that you took the time to do that.

Let me begin by following up on comments you made which said basically: "Get your head out of the sand. This is happening and we have to get on with it." The

problem I have is that this may be the case, but it's funny that even the finance minister earlier this year said that we should take a really serious look at this because it could cause a lot of social problems in our society, that lots of other provinces have had social problems as a result of VLTs. He said that in March. Then I guess he gave up two months later and decided it was too big to deal with that and said, "We have very little control or no control, so we might as well legalize this and allow restrictions and make sure it's done legally and up front."

It's hard for me to say if you want to do that on this one, why doesn't the government look at the same thing with respect to prostitution, with respect to marijuana? It's —

**Mr Morris:** Nevada tickets?

**Ms Martel:** After a certain point, there are lots of things people are doing that are illegal. It's curious to me that the government has decided this one is now okay and when they were in opposition it wasn't, and this is the one we're going to move forward on. At what point do we say it's a criminal activity and we're going to do something about it, or just throw our hands up in the air and say, "Let 'er rip"?

**Mr Morris:** At the time Mr Eves said that there were 15,000 illegal machines in the province of Ontario, if I'm not mistaken, I was in Toronto, and he also talked to the chief of police in the city of Toronto. The chief of police in the city of Toronto said that they really didn't care whether VLTs went into the bloody hotels or not, that they didn't care about the grey machines, that they didn't have enough people to police what they were doing now, let alone trying to police VLTs. So why aren't we controlling them through government? If the money is going to come in, then let's bring it in through government so we have some control so this money is going to go within the province to charities and organizations that need it instead of going out to somebody's pocket so a guy can take a trip to Hawaii.

**Ms Martel:** It's interesting that you talk about police. I'm not sure if you were here but one of the first presentations this afternoon came from the city clerk of the city of Sudbury, who as part of his research contacted police forces in communities that have VLTs across a number of jurisdictions and the information that was given back to us today from police forces was that this was now a serious problem for them to deal with; that is, the VLTs and theft that occurred with it. There were concerns raised by the Fredericton police force in particular about the mob being involved etc.

While I appreciate your concern about our inability perhaps now to police, it seems to me we've been given some very significant research here today that makes it very clear that police have some significant concerns about VLTs — when they go in, how the crime rate increases and how to deal with that from there.

**Mr Morris:** I'm not saying they're not concerned about it. They just don't have the manpower to police it. The chief of police in the city of Toronto has said he does not have the manpower to police the grey VLTs that are there now. So why aren't we legalizing our own? That will force the grey machines out of the city of Toronto or out of the province of Ontario and at least the

money will go into government coffers. I realize you have people out there who are addicted to VLTs, addicted to poker, addicted to bingo halls. God save us, these Nevada tickets are the ones that are wrecking everything. They're cleaning little old ladies' pockets right bone dry, and yet nobody's done anything about that. I know little old ladies who can't pay their rent because they've bought Nevada tickets till they're sticking out their ears.

**Ms Martel:** It's interesting you say that because one of the articles the committee saw from January 1 — it was a Toronto Star article — talked about some of the repercussions and consequences in Alberta, and the article made it clear that in Alberta a bankruptcy trustee urged the government to reconsider its policy on VLTs after he received calls from seniors who had lost their life savings in the gambling machines. I'm not sure that by legalizing VLTs we're going to make the situation any better in the province.

If the government goes ahead, and I assume they will because they have the numbers to do this, and we have VLTs, if you got one in your hotel, for example, can you tell the committee what kind of changes might be made? What do you see happening in your establishment that would be helpful to you if you got a machine, or a couple of them?

**Mr Morris:** I can see it drawing more people in. Probably more people will come out and have supper and dine for an evening. My type of clientele is a mixture of the blue collar worker and office people. They like a Thursday, Friday night out where they can go out and do something different. They're the type who will tour around, as I've noticed coming from North Bay through all these Kewadin signs that are coming into Sudbury here to go there to gamble. Why can't they come to Sudbury and gamble and leave the money in the province of Ontario, the city of Sudbury? My traffic people charter a bus. They go to Kewadin, 40, 50, 60 people at a time, spend a weekend there.

**Mrs Marland:** Mr Morris, you're a very straightforward, convincing individual and I want to thank you for your presentation because it's interesting how when people argue a point or debate a point, and we all do it, all three caucuses do this, we sometimes argue our own point around to where it gives the argument to the opposing side. When I listen to Ms Martel — she talks about this report, by the way, with letters from police forces. I'm sure that Mr Mowry contacted police forces across Canada, and there are five responses here out of all the police forces across Canada. So obviously that's an indication that there isn't a tremendous concern across Canada, from five out of — I have no idea how many police forces there are in Canada.

**Mr Kormos:** That means only five people replied?

**Mrs Marland:** I didn't interrupt you, Peter, so I'd appreciate it if you didn't interrupt me.

But also this argument about, "You might as well let it rip because it's illegal now," that kind of argument from Ms Martel is like saying, "We've got drunk drivers; we might as well let them drive drunk." But the point is, what this government is doing is the very opposite.

**Ms Martel:** It's exactly the opposite, Margaret. That's the Tory argument. That's the point I'm trying to make.

**Mrs Marland:** Well, you make it on your time.

**The Vice-Chair:** Excuse me, if we could quiet down on this side, please.

**Mrs Marland:** The point is that this government is doing something about drunk driving because it's concerned about it. This government, through this bill, is doing something about the illegal gambling that goes on in this province. The fact is that this bill is doing the very opposite. We're not letting it rip. We are bringing it under government control. Sure, there will still be, as you quote — the term "grey machines" is very graphic to me, but there's still going to be these machines that we don't know where they are and they will be uncontrolled. But the point is, it will be less attractive to have a grey machine because there will be more machines available for people to do it legally and for people in business to use them for business purposes.

I just want to ask you, because I don't know if I missed it in your presentation, how big your hotel is.

**Mr Morris:** I have a seating capacity in my lounge for 140 people and I have a seating capacity in my dining lounge for 28.

**Mrs Marland:** Is your hotel also residential?

**Mr Morris:** It's in the downtown core but it's a population of 3,200 people. It's right in the middle of town. It's a residential community, a small community.

**Mrs Marland:** When you talk about all of the other illegal activities that have been going on and the fact that, as Ms Martel said, the mob is certainly running the illegal activities across the province, you must be pretty convinced from what you said this afternoon that the bill is going to give us as much protection as we can possibly have, knowing that the mob is involved in every illegal activity, whether it's drugs or alcohol and —

**Mr Kormos:** They're involved in the legal slots too, Maggie.

**Mrs Marland:** I don't do this to you, Peter, and I think it makes for very uninteresting debate when you debate other people —

**Mr Kormos:** You can't show up here for one day after we've spent about three weeks and try to talk intelligently —

**The Vice-Chair:** Mr Kormos, please.

**Mrs Marland:** I can show up for one day when a committee has sat all year and talk more intelligently than you do.

*Interjections.*

**Mrs Marland:** Thank you, Mr Morris. I appreciate your comments and you and I could perhaps discuss this in a better environment without the interruptions.

**The Vice-Chair:** Thank you, Mr Morris, on behalf of the committee for your presentation.

**Mr Morris:** Mr Chairman, could I make one more comment, please?

**The Vice-Chair:** Very briefly.

**Mr Morris:** I've been in the hotel industry for 36 years. I work along with the breweries of Ontario; we work around with the distilleries of Ontario. I'm in the hospitality industry. I am very proud of being in the hospitality industry. We, as a hospitality industry, and distillers and brewers do put one hell of a pile of taxes into this province and I would like to make note to Mr



Kormos that we pay part of your salary and I have never met a more ignorant man than you.

**Mr Kormos:** Welcome to Welland-Thorold any time.

**Mr Morris:** Ignorance goes a long way but you're the most ignorant I've met.

**Mr Kormos:** Welcome to Welland-Thorold.

1530

### ELLIOT LAKE VIKINGS

**The Vice-Chair:** Our next presenter is Elliot Lake Vikings, Don Primeau. Welcome, Mr Primeau. You'll have 20 minutes for your presentation and you may wish to leave some time for questions.

**Mr Don Primeau:** I'd like to thank the Chair and members of the committee for allowing me this time. I feel I must open on a lighter side. As a northern Ontario constituent, an Ontarian, I've never been to the Legislature and I feel like I'm there now, so it's kind of nice.

**Mr Kormos:** Without the plane ride.

**Mr Primeau:** You shouldn't mention planes. We have difficulty getting planes into our communities, sir.

**Ms Martel:** That's right — talk about norOntair.

**Mr Primeau:** That would be another issue for another committee, I'm sure.

The purpose for our organization being here today is to make this standing committee aware of the devastating effect that video lottery terminals and other portions of Bill 75 will have in regard to our sports organization specifically, and generally the effect this type of lottery will have on our community.

It goes without saying that our sports organization has a certain degree of autonomy and is surviving through the present use of Nevadas. The residual effect of money spent in our community directly by us means that because of our presence businesses are able to hire workers who are in turn able to earn a living and continue the cycle of spending in our community.

Many different businesses benefit directly through our expenditures, and because we are a small community Nevadas provide our city with the opportunity to have a tier 2 hockey team. While this might not impress some people, it gives us great pride to offer our young athletes the opportunity to continue to play hockey at a higher level without having to leave town to do so.

Our hockey team is a vital component in the community and it has been established in our specific community. As an example, the local canteen concession at the arena could not be operated profitably by any private business person; the city has run the canteen at the local arena and has been successful in doing so. They have told us that without the impact of our sports organization in the arena facility, they could not operate the canteen in a profitable manner. This canteen operation is responsible for employment for several part-time employees, not to mention the added convenience for those who use this facility. This is only one example of how the use of Nevada moneys helps others in our community.

The additional hardships that will be felt by residents of our community are numerous. Many different businesses feel that our contribution to their livelihood is significant. Among those are the local bus company, the local sporting goods store, local residents who provide

their homes as parents for hockey players, and as a result teams coming into our community are spending money at local restaurants and hotels.

Because we are a small community, the overall impact of video lottery terminals will be devastating. If this standing committee considers the effect of video lottery terminals in other provinces such as Alberta, where moneys promised to organizations have not been honoured, and some of these needed organizations have gone under as a result, then it should be easy to see that the same scenario is about to hit our province. The smaller communities face losing non-profit organizations and charitable organizations and will be placed in a position where these organizations will in all probability be lost for good.

Alberta's promise of money, and organizations in need not receiving money, will only be repeated in our community and others in this province. Our municipal governments also should feel threatened by the prospect of video lottery terminals coming to their communities. The onset of video lottery terminals will mean their overall revenue from Nevada licensing will be greatly reduced. In our specific circumstance, the hockey team feels that the loss of Nevada moneys will be our team's demise. As a result, a league that operates now with only five teams would in all probability fold, and there are four other communities that will eventually be affected. This would occur even if video lottery terminals would displace our Nevada moneys by 25%.

As a consequence of proposed video lottery terminals, the city of Elliot Lake will face losing a significant component of its revenue base, so much so that even minor changes in regard to video lottery terminals will have a huge impact on our city, which now relies on other lottery licence moneys, in addition to Nevada licence revenues. The end result will be that the taxpayer will ultimately be faced with a mill rate increase. Our city council passed a resolution in April 1996 supporting in principle the efforts of Charities First Ontario in regard to further investigating the impact of video lottery terminals in Ontario. In particular, the resolution supports the investigation on lottery licensing revenues for local charities on local governments.

In closing, I would like to ask this committee to recognize the potential economic, social and addiction implications that are inherent in this type of gambling form. I would also like to take this opportunity to thank you for your time and consideration in allowing me to speak on this matter.

**Mr Kormos:** You see, Mr Primeau, part of the spin on this bill is that there's going to be a percentage of the take distributed to charities. When we were down in Toronto, some of the big charities suggested that should be charities that have federal charitable designations. I appreciate you're from up here; I'm from down there. I think of minor hockey; I think of the Hungarian cultural centre; I think of the Welland Snowmobile Club, which all do their fund-raising like minor hockey does and other sports teams — with break-opens, they did with Monte Carlo nights and now by attaching themselves to the charitable casinos, these roving ones, and to bingos. They're not in the same league as the big Toronto-based charities.

Would you like to see some assurance from any of these people — the members who have been with the committee for three weeks or even the members who have been with the committee just for one day filling in an empty seat — would you like to hear an assurance from any of them that the Hungarian cultural society, the Rose City Snow Seekers, the Elliot Lake Vikings, are going to be guaranteed to be included in the definition of "sharing." Would that be the beginning to make you feel a little better?

**Mr Primeau:** It would certainly help, but defining charitable organizations is going to be a problem, as we foresee it. Meeting criteria that could be a lengthy process will inevitably kill us in the water because we can't be waiting on a process that is taking moneys out of our pockets. We can't survive; there's just no way.

**Mr Kormos:** So maybe one of the solutions is to define people who are eligible — mind you, I'm concerned about this pool of money too because, as you know, I mentioned earlier today Ontario Lottery Corp raises \$27.25 million in the Sudbury area every year, from everything from 6/49 down to bingo and keno — 27 million bucks out of the Sudbury area last year alone. I haven't got an impression that a whole lot of that money came back into Sudbury.

My concern is that this money — it's all about making money. The government here is going to be under pressure to do the same thing Ontario Lottery Corp has done with its great revenues; and that is, to present a few big cheques but make the rest line up. Perhaps a definition of anybody who should be eligible should be any organization that could demonstrate that they raised funds using break-opens, bingo or Monte Carlos. Would that be a little fairer proposition than merely saying charities?

**Mr Primeau:** If they've met the need in the past to a certain type of licensing, then they probably should fall into the new regime if video lottery terminals become a reality, and it seems that is inevitable. It's a question of where that charitable dollar ends up for us in particular. I hate to sound selfish on it, because I'm the only person representing a group here today from our small community, but I could sit here and rattle off any number of other charitable organizations in our community that now rely on that income. They're all basically in the same boat. I don't want to belabour our position in that community, but I think you're all familiar with what's going on there in terms of the economics.

**The Chair:** Thank you, Mr Primeau. I'm sorry, I'm going to have to stop you there and move on to the Conservative caucus.

**Mr Primeau:** I'll continue it on this side.

**Mr Flaherty:** How much time do we have?

**The Chair:** Five minutes.

**Mr Flaherty:** Let me do one first. Thank you, sir. I appreciate what you've said on behalf of the Elliot Lake Vikings. You seem to make the assumption that Nevada sales will go down with the introduction of video lotteries.

**Mr Primeau:** I don't see any other alternative. I mentioned the 25% reduction would definitely kill our sports organization, and that's not an exaggeration.

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**Mr Flaherty:** Before you jump to that conclusion, let's look at what actually happened in Alberta, where we know —

**Mr Primeau:** I don't know if we'd want to do that.

**Mr Flaherty:** I think we want to look at facts rather than speculation, look at what actually has happened somewhere else where the same event has occurred. It was actually the introduction of charitable casinos that affected pull-tab tickets — they call them pull-tag tickets as opposed to break-open tickets — rather than the introduction of video lotteries. So there's that and then there's the question of the money from video lotteries and the sharing of that money. Seven other Canadian provinces have video lotteries. We heard from them last Wednesday, those members who were present, and not one of them shares any dedicated amount with charities.

This province, this government, is going to allocate 10% of the gross revenues to charities, which is a substantial sum of money that hasn't been there before. So in terms of your organization and any other organization here, I'd ask you to consider the following sources of revenue: (1) The money from the permanent charity gaming halls that are going to be established, and that includes table revenue and card games, not just —

**Mr Primeau:** You're talking permanent facilities?

**Mr Flaherty:** That's right. (2) The 10% from the video lotteries away from the racetracks; (3) We're still going to have Monte Carlo nights but they'll be scaled back to one night rather than three.

The overall increase in real money, and I'm going to talk about charities in a moment, is up to \$180 million more than there is already, which is around \$290 million — very substantial sums of money.

The next question that I take from what you've said, which is really important is: "But what about my group? Do we get to participate?"

**Mr Primeau:** I want to make it clear that I'm not the only group I'm referring to here, I just am the only group which is presenting today. So you have to remember that you're not giving us any indication of defining that charitable organization, and there are quite a number of criteria that I believe you're going to end up coming up with.

**Mr Flaherty:** And the reason we're not is that Bill 75 does not, and we're studying that bill. But I can say this to you, that the government's committed to consulting on implementation, which means —

**Mr Primeau:** Are you going to consult through the same type of endeavour, with a standing committee?

**Mr Flaherty:** Through some sort of consultation committee. The whole idea of course is to address the questions you've been addressing; that is, which charities are considered, which groups are considered for funding —

**Mr Primeau:** The problem I have though is, when you start considering charitable organizations, many people would not consider a tier-2 junior A hockey team to be charitable, but they never get past the moniker of tier-2 hockey. They don't see us going out and doing things in the community that they find beneficial, but we're taking —



**Mr Flaherty:** You don't know how many older hockey players you've got —

**Mr Primeau:** I think I have a lot.

**Mr Flaherty:** — along this row here. You've got quite a few old hockey players —

**Mr Primeau:** I believe that, but I'm speaking in general. A lot of people don't see us as being a charitable organization. So I feel that the criteria you might envision someday will negate us from ever being in the application process for any of these moneys that VLTs will have. We are surviving now through Nevada income, and that's not only for our hockey team; I'll bet you there's a whole lot of other hockey teams in this province that are doing the very same thing. It's just that VLTs scare us. There's no doubt about it.

**Mr Flaherty:** There's been no suggestion that any group would be excluded, but obviously there have to be priorities and there have to be discussions about that. I hope you'll participate in them, because —

**Mr Primeau:** I would be glad to speak in favour of the design of what a charitable organization should be. I've done economic impact studies for our hockey team, and in particular for our league in general, and the moneys that we generate are phenomenal. They shock the person when you look at them. So in a small community like ours I see us as a definite asset and I don't want to be speaking as a one-person item here. I want to speak for all our things in Elliott Lake.

**Mr Flaherty:** Absolutely.

**Mr Primeau:** I think we all understand where we're coming from there, but the moniker "charity" scares us, and how we fall into that criterion scares us.

**Mr Flaherty:** I appreciate your concerns and thank you for bringing them here so we can hear them.

**Mr Primeau:** And I thank you for your time.

**Mr Ramsay:** Mr Primeau, thank you very much for your presentation. Maybe the government members are starting to understand what people like you are presenting here today in Sudbury and other places — the tremendous apprehension that the Mike Harris government has caused with the literally hundreds of thousands of people like you who do great work in your communities for those non-profit organizations that you believe in and work very hard for. The government today is still not prepared to give you any guarantee as to the funding mechanism you could apply to that would guarantee you the same revenues that you work for on your own with the tools that previous governments have given you today.

**Mr Primeau:** I think, just to interrupt for a moment, that the degree of autonomy we currently have because of where we are with our funding is going to be lost, and by losing that autonomy, we obviously lose our position as a player in our community.

**Mr Ramsay:** I agree with that autonomy, because what better gauge to gauge the worthiness of your particular cause than by the number of volunteers you're able to recruit in your community and the work that you do and therefore the subsequent revenues that you raise? That's a tremendous gauge as to the importance in your community of your particular organization.

Now what sort of proof are you going to have to give to Queen's Park that, "We actually need \$60,000 to keep

this team going, because that's maybe what we've been earning through Nevadas and charity bingos." "Are you kidding, giving \$60,000 from the government to a hockey team in Elliot Lake? Get real. We're going to give you \$10,000." "Yes, but this is what we've been earning." This is really a big concern and I think politically they don't understand the hundreds of thousands of people like you who are greatly apprehensive about what's going on here.

**Mr Primeau:** No, there's no doubt about it. Just to speak on that note a little bit, our revenues from Nevadas, just because of a general circumstance of economics in our community, have dropped by about 30% already. We've never stopped fund-raising; we've just started new ways of doing it, because we have to survive. If we go through the loss of these Nevadas that we have now, there are just no other avenues. I've been out barbecuing, washing cars. I do anything I can to keep this thing going.

**Mr Ramsay:** I think you're going to have to be cooking hamburgers probably every day of the week for the next few years, because at one machine for every 550 people in Elliot Lake, with anywhere from \$40,000 to \$60,000 per machine being sucked out of the community of Elliot Lake, boy, there's going to be hardly any money left for the work that you are doing, and that's really what frightens me.

**Mr Primeau:** Yes, and I'm not really concerned overly about the guy who has to break open the Nevada ticket totally. That's a good thing to have. But he's not going to have the \$5 to go down to the rink on Saturday night, because he just spent it at a VLT over at the bar on his way, and that hurts us just as much.

**Mr Ramsay:** Listen, good luck to you. We will be pushing this government for some sort of a commitment as to what the consultation is going to be like to make sure that existing non-profit groups are going to get their fair share of this pie, because I worry about groups like yours.

**Mr Primeau:** I appreciate the efforts of the opposition caucuses in that regard.

**Mr Kormos:** Dave Tsubouchi is now the minister in charge, so we hope to bring some tuna up here. You can sell that off.

**The Vice-Chair:** Thank you, sir. I want, on behalf of the committee, to thank you very much for your presentation.

#### SUDBURY WINTER TENNIS CLUB

**The Vice-Chair:** The next presenter is the Sudbury Winter Tennis Club junior program. I've got Paul Robert and Jim Richardson. Good afternoon, sir.

**Mr Jim Richardson:** Good day. My name is Jim Richardson. I'm the manager of the Sudbury Winter Tennis Club. I work there part-time. The Sudbury Winter Tennis Club is the only indoor tennis facility in Sudbury. It's a four-court air-supported structure that covers four courts. It's a user-pay facility. It was also a user-built facility; that is to say, the taxpayers did not have to ante up a dime to have this facility built and enjoyed by the people of Sudbury and visitors to Sudbury. We're proud of that fact.

It's a non-profit facility. We have 200 kids who take part in our junior programs here in Sudbury, and 38% of the club's revenue comes from those junior programs. All of that revenue comes from Nevada ticket sales — 38%. If it were not for those ticket sales or if there was a substantial reduction in the amount of money that we gain from those ticket sales, the facility would not exist. The kids would not have it and the other tennis players in the community would not have it as well. As well as that, there'd be one full-time employee and 12 part-time employees without jobs.

It's our feeling that, as you've heard here many times, I'm sure, today — I just got here — the revenue we get from the sale of these tickets will be substantially reduced if people are able to use these lottery terminals here, there and everywhere. It's just about as simple as that: We're out of business if we have a substantial reduction in the amount of money that we gain from these ticket sales.

1550

The type of facility we're running is a facility that I'm sure Mike Harris likes. It's a non-profit facility and there's no taxpayer component there. It's user-pay. The kids of the community travel around the province as well, the better kids who get up into our competitive programs through our instructional programs. They travel around the province and they do this with some help from the revenue that we gain from Nevada as well. We host tournaments in the city where people come from all over the province and use our facility and use our hotel facilities and restaurant facilities in town as well, so having this facility in town is a huge benefit to the community. It is, as I say, the only indoor tennis facility in — well, not in northern Ontario; there's one in Thunder Bay as well. Sault Ste Marie just got one, but it's the only one in Sudbury and we'd be out of business without the money that we gain from this.

That's all I have to say. If anyone has any questions about our facility, I'd be glad to talk about it.

**Mr Flaherty:** We've heard repeatedly about break-open tickets. They're called pull-tab tickets in different places, Nevada tickets, whatever. There's a question of what the effect would be on them with the introduction of video lotteries in racetracks and charity gaming halls and subsequently in some licensed premises. The indication we have from Alberta is that there's no cause-and-effect relationship there, and they've gone through the experience. We'll have to see what happens.

What I think is important is to make sure that funds are available for worthwhile community causes, and that, as I've indicated, so that you'll be aware of it, will be the subject of further consultation in the context of the implementation of Bill 75. But help me. If I can just ask you about your facility, you have user-pay and user-built, so there's no debt.

**Mr Richardson:** There is debt from the club. We have revenue that services this debt. The debt is to our members. Our members loaned us the money to build this facility. In fact, the city of Sudbury loaned us \$50,000, which was half the original cost of the footings etc, wiring for the facility. We've been paying them for four years now, 7% interest plus the principal.

**Mr Flaherty:** I see. Did the users put up any capital?

**Mr Richardson:** The users, the members loaned us \$50,000; the city loaned us \$50,000. We pay them both back. We promised to pay them back 7% interest on those loans and we have every month since we've opened, for four years.

**Mr Flaherty:** How much of the operating costs are paid by the users?

**Mr Richardson:** All of the operating costs.

**Mr Flaherty:** So the Nevada tickets are used to pay the interest on the mortgage.

**Mr Richardson:** The Nevada tickets supply the Sudbury Winter Tennis Club with money to run junior programs.

**Mr Flaherty:** Oh.

**Mr Richardson:** Those junior programs use the courts and the courts are paid for by all members. The junior programs are run on our courts at the same price as we rent the courts to members.

**Mr Flaherty:** So it's really the junior athletic program that requires some sort of exterior funding from what the members themselves already pay?

**Mr Richardson:** It's the club that requires the money to be able to be there for use by the juniors. If the club wasn't there, the juniors wouldn't be able to take tennis lessons there. The revenue that comes from Nevada tickets gets used for the juniors and the juniors use that court time through instruction and just practice time as well. The club gains the revenue and, as such, is able to survive to offer those services.

**Mr Flaherty:** Good. I hope you and the other community organizations — I'm sure you will participate in the further consultation that will take place.

**Mr Ramsay:** Mr Richardson, you and other representatives of non-profit groups have brought forward your concern today, and I really appreciate this because I have real concerns about how this scheme the government talks about that will happen some time after the introduction of VLTs where you'd be able to apply for some money, you know, like the good old days with your cap in your hand and ask for a grant — we're going to get back to government grants where you have the tools —

*Interjection.*

**Mr Ramsay:** I see one of the members, Mr Ford over there, says you're going to earn it, but the thing is, you're earning it today. That's what I like about it.

**Mr Douglas B. Ford (Etobicoke-Humber):** You don't have to go with your cap in your hand.

**The Vice-Chair:** Mr Ford.

**Mr Ramsay:** You see, this is what we want to get clear, because I think the apprehension would be settled, if I could address Mr Flaherty for a second, if he could give Mr Richardson a guarantee that any revenues the Sudbury Winter Tennis Club would lose from the introduction of VLTs would be made up from the VLT revenues. I think that's what people want to hear.

They say: "We're working hard, but we don't mind that. You've given us the tools, but now you're going to really impinge upon the tools that we have." What they're looking for is some assurance. Can you give these clubs some assurance that, "Don't worry. The money will be there and we'll be able to get it to you if" — because



you said you're not sure either. We're all debating the Alberta figures, or whatever. If the introduction of VLTs hurts the revenue from Nevadas and other sources like charity bingos for these organizations, will you give the guarantee today that clubs such as this and the junior B hockey team in Elliot Lake will not be hurt and the money will be there from the VLT revenues? Mr Flaherty, can you give us that?

**Mr Flaherty:** The government has already guaranteed additional funding, more than 10 times what comes now from Monte Carlo nights, which is an increase of up to \$180 million. There's going to be a lot more money available for these causes — a lot more.

**Mr Ramsay:** In other words, there will be lots of money, then, for clubs such as this. This is what you're saying. You've got to look at the political aspect too. Quite frankly, I'd be embarrassed. I don't know if Ron Johnson here from Brantford, for instance, wants to put his name on a press release as a government member that, "I'm giving the Brantford curling club \$10,000 to do this or that," when they used to have the tools in their own hands to earn it themselves. We're getting down to big, paternalistic government again; we're going to hand out money from Queen's Park down to clubs.

**Mrs Marland:** Where did they get the money before Nevadas?

**Mr Ramsay:** They're earning it today. That's the point, Margaret. I guess what I'm asking for is, I'd like today to get a guarantee from the government members that clubs and groups such as this will have the revenue if VLTs hurt their ability to raise their own money. That's what we want to hear.

**The Vice-Chair:** Do you want to respond to that?

**Mr Richardson:** I'd love to have a guarantee, of course, that we're going to be able to survive and continue to offer the kids tennis lessons and the community the bubble itself. If 10 times the revenue is going to be generated for the province and we're going to get — certainly we don't need 10 times. We're a non-profit organization. We don't need any more money than what we're earning now from the Nevadas. Why change it?

**Mr Kormos:** How much a year do you make from Nevadas now? What did you make last year?

**Mr Richardson:** The three years, we've had between \$60,000 and \$70,000.

**Mr Kormos:** Per year?

**Mr Richardson:** Per year.

**Mr Kormos:** Okay. I know people are going to dive in here quick as a boo, but \$60,000, and 10 times that much — because Mr Flaherty says there will be 10 times as much available for charities, so that's \$600,000. You go home today, tell your membership that the user fees are gone, that they're going to have free use of that tennis club because Mr Flaherty, the parliamentary assistant to David Tsubouchi, former Minister of Community and Social Services, the king of tuna here in the province of Ontario, is now the Minister of Consumer and Commercial Relations and his parliamentary assistant says 10 times as much. It's in the bag. You can call the city right now and tell them to fill up that discharge of mortgage because you're obviously in like flint. These guys said so.

**Ms Martel:** Mr Flaherty also said that we have not heard any evidence to prove there's a relationship between VLTs and reduced Nevada ticket sales in Alberta.

**Mr Kormos:** He simply lied about that.

**Ms Martel:** I was sitting here when I heard Mr Burke from Bingo Pro Inc give us some data that he just got yesterday, he told us, from the Alberta Gaming Commission which I understand he filed with the clerk, which directly showed a correlation and which showed there was a drop in Nevada ticket sales as soon as VLTs were introduced. That's what we got earlier, when you weren't here.

Having said that, can you tell the committee why you believe that once VLTs are introduced into the province of Ontario, that is going to directly hurt revenue from Nevada ticket sales that your organization depends upon.

1600

**Mr Richardson:** I've done some reading, probably the same statistics that you've seen just recently, on the reduction in revenues from Nevada ticket sales when VLTs have been — and I've heard Mr Flaherty say the opposite here. I don't know what statistics he's using. All of the ones I've read have shown me that there is a reduction in revenue from Nevada tickets.

If there's extra revenue generated from these VLTs and there's a distribution of them to us that will, of course, come up equal to what we have now, that's fine. But why set up another bureaucracy to handle the distribution of those things when it's a very simple process now? We're doing it now, we gain this much revenue now, we use it all and it's well used. Why change it? It seems to be working for us, and it seems to be working for every other organization that I'm familiar with. If there's some guarantee that we could gain revenue from these VLTs to equal the amount we're getting now, that's fine, but no one has said that. We've asked for it, but no one has said we're going to be guaranteed that much.

**Mr Kormos:** Mr Flaherty did.

**Mr Richardson:** Well, he sort of hedged around it a bit, I think.

**Mr Kormos:** I'll take that as a guarantee.

**Mr Richardson:** All I can comment on are the statistics that I've seen. Everything I've seen has shown me that our ticket sales are going to suffer. There is only a certain number of dollars around for gambling, I presume, and people are going to spend it in all sorts of different ways, but one of the ways they'll be spending less is for the Nevada ticket sales where we sell them.

**The Vice-Chair:** Mr Richardson, on behalf of the committee, I want to thank you very much for your presentation.

#### HOUSING RESOURCE CENTRE (SUDBURY)

**The Vice-Chair:** The next presenter is the Housing Resource Centre (Sudbury), Barry Schmidl. Good afternoon, Mr Schmidl.

**Mr Barry Schmidl:** I don't think I'll need the whole 20 minutes to talk. I think you've all got a copy of what's written here, but I intend to go through it. One thing, before I start, to the government members of the



committee, couldn't you find a shorter name for the bill? It took about half the title page with just the name of the bill.

Thank you for the opportunity to present the views of the Housing Resource Centre (Sudbury) to your committee. I've been informed there's a time limit on my presentation, and I'll attempt to be brief and to the point. Let me begin by introducing the organization I'm representing. Housing Resource Centre (Sudbury) is a non-profit organization which provides assistance to people in need of housing. From its beginnings in 1985 until a few months ago, the organization was called Crisis Housing Liaison (Sudbury).

The primary service currently offered by the agency is the housing registry program. This program consists of a computerized listing of all available rental units in the regional municipality of Sudbury. These listings are given to client families and singles who register with the program. In 1995, a total of 1,161 family and single clients looking for housing used this service. These households added up to 2,240 individuals who received services from the organization.

Housing Resource Centre (Sudbury) has also involved itself, largely through the efforts of volunteers, in advocating for improved affordable housing and tenant protection programs, as well as for the interests of lower-income earners in general. This latter concern, and a concern for the future of Ontario charities, is what brings us before the committee. Our concern with this legislation centres on its provisions for the legalization of video lottery terminals, VLTs, and my comments will focus entirely on that part of Bill 75.

VLTs have recently been compared by different people, with different opinions on the subject, to crack cocaine, by Mr Kormos over here; a new brand of beer, by Marshall Pollock from the Ontario Video Gaming Corp; and part of the entertainment industry, by Norm Sterling, who I understand is now recently former Minister of Consumer and Commercial Relations.

No matter what side you take on the issue, there are three facets that have to be dealt with: money, access and addiction. I'd like to deal with them here in turn.

Let's drop the niceties about the issue and get to the real point of it: money. The issue of VLT gambling rests on who makes money and who loses money and where the money goes. If I can be so bold as to lecture the committee for a moment, I can give you the answers to these three riddles, at least from my perspective.

Who loses money? The poor and especially the young, according to one Manitoba study, are the ones who will lose money. While more well-heeled individuals may go to casinos, where the minimum bet is \$10, people with lower incomes will be attracted by the seemingly cheaper VLTs. Wealthy people don't gamble hoping to get out of their economic circumstances; poor people do.

Who makes money? Some charities may make some money from the VLTs under some circumstances. Exactly how the revenue is to be divided, under what arrangements charities would have access to VLT revenue and what cash impact the VLTs would have on other forms of fund-raising hasn't been defined nearly well enough.

The Housing Resource Centre (Sudbury) is not opposed to gambling. I'd like to make that clear. In fact,

one of our concerns is how much money VLTs would take out of the amount people are able to spend on other fund-raising endeavours such as bingo, for example. Unfortunately the real answer to the question of who makes money is: the upper- and middle-income earners of Ontario. How do they make money off VLTs, you ask? This is part of the answer to where the money goes.

Where does the money go? It's hard to pin down, as many varying figures have been tossed out by the provincial government and others. However, one thing is certain: The government of Ontario will be the major single beneficiary of VLT profits.

Mike Harris told the Toronto Sun on May 4, 1995, "We don't have a revenue problem; we have a spending problem." During the election campaign that followed that interview he promised a 30% tax cut and measures to radically cut spending. The provincial government has announced the first stages of that tax cut and is well on the way to destroying the health and social service systems in the province in a bid to cut spending. Others have pointed out how ludicrous it is to make major cuts to revenues while a debt and deficit exists, and I won't get into that.

What the Harris government has done is to begin to cut what the well-off pay to maintain the state while cutting what the poor require from the state. In other words, VLT revenues to the province are essentially being transferred into the pockets of the well-off through VLT revenue replacing tax revenue. When Mike Harris's mother read him Robin Hood, she must have had the book upside down, because he seems to be robbing the poor to pay the rich.

The other factor in the money equation, which I briefly mentioned earlier, is the charities. Many charities, like Housing Resource Centre (Sudbury), do local fund-raising and receive proceeds from bingos and such. This has proven more and more important over the years as government funds have been cut. In our case it's now absolutely vital, as we were told a few days ago that we are receiving a 100% funding cut from the province effective October 31 of this year. As this funding is approximately 90% of our annual budget, it may well mean that we'll have to close; at best we'll be able to save a service that's a shadow of its former self. This government is not only attacking the health and social service sectors in this province with funding cuts, but with Bill 75 it is now likely going to cost organizations in these sectors funds from bingo and other fund-raising endeavours.

There is only so much money. The "new brand of beer" may get people to move to it from another brand, but it won't make many new people drink beer. The government slice of VLTs, at least, will reduce the amount of money going to charities out of the whole pot of money through diversion of money now spent on these activities to VLTs. There may be some increase in the amount of money going into the pot, but it will likely go to VLTs and be caused by gambling addictions.

Any discussion of VLTs must include a discussion of access by minors. The provisions in the legislation that restrict VLTs to bars, casinos and racetracks should prevent most minors from having access. However, this



may not always be the case. It is a lot easier to have no VLTs than to restrict their locations effectively. Once VLTs are legal, there is no reason that people who see a profit in them would not lobby to have the range of locations expanded to corner stores and other spots. Prince Edward Island has only about one third of its VLTs in licensed premises. New Brunswick has VLTs in corner stores, restaurants and many other locations. Some provinces certainly have not restricted the locations of VLTs.

Once VLTs are where minors can get to them, the problems are magnified. Corner store clerks will not stop teenagers from using VLTs, and some teens will waste all their money hoping to hit it big. The Manitoba lottery policy review working group report states: "There is a striking correlation between age and VLT usage. A significant majority of 18- to 24-year-olds, 66%, have played VLTs in the past year. The frequency with which Manitobans play VLTs decreases with age." How different is an 18-year-old from a 16- or 17-year-old?

In a province where the government listens to business and basically does what it's told, how long will it be before the law is changed to allow VLTs to be placed outside of racetracks, bars and casinos? As for the illegal VLTs that already exist, the province has said it does not have the people to go out and find them. There were enough police officers hanging around doing nothing useful at Queen's Park when they became involved in the unfortunate incident during a peaceful demonstration there several months ago. Perhaps they could have better been assigned to find illegal VLTs.

1610

Provincial Finance Minister Ernie Eves told the Toronto Sun on March 24, 1996, "VLTs could create a lot of social problems in society.... Lots of other provinces have introduced VLTs and lots of other provinces have had social problems as a result of VLTs." He's right. I didn't think I would ever agree with him, but I have.

While VLTs may or may not be like crack cocaine, there is evidence that they do contribute to gambling addictions. The Manitoba lottery policy review working group report said, "A large majority of Addiction Foundation of Manitoba problem gambling clients (91.9%) and help line callers (67.5%) report VLTs to be their primary form of gambling." Even assuming that VLTs do not cause gambling addiction, and that's an assumption I'm not prepared to make, that at least is a type of gambling that is easy for problem gamblers to access and which can quickly empty their pockets.

Another Manitoba study, *A Profile of VLT Gamblers in Brandon*, states: "As shown elsewhere, more people gamble when opportunities to gamble are more readily available. Thus, the accessibility of VLTs places more people at risk for gambling addiction and for some this will include involvement in criminal behaviour."

One last quotation: The Globe and Mail, May 11, 1996, quoted gambling expert Dr Howard Schaffer of Harvard Medical School as saying that "not only would there be a substantial increase in all gambling, but many would probably turn to illegal gambling eventually, because the payoffs are always higher."

Gambling addiction can ruin lives. The government has stated that 2% of VLT revenues will go to programs to prevent or treat gambling addictions, but is that really the best way? Isn't creating the problem and then putting money aside raised from people who have the problem a backwards way of doing things? It is kind of like encouraging drug dealers to sell potentially addictive drugs to people and then taxing their profits to fund drug addiction treatment centres.

In conclusion, I'd like to say that British Columbia has not chosen to have VLTs, and that province has not slid into the Pacific Ocean yet. Ontario's choosing not to have VLTs would not even be a precedent. I strongly recommend that this committee remove the sections of Bill 75 that allow video lottery terminals.

I'd like to thank you once again for the opportunity to make my presentation to this committee. I look forward to your questions.

**Mr Kormos:** I understand what's happened to the housing help centre here in Sudbury; indeed the housing help centres which have played a crucial role in dealing with low-income people for whom it's been difficult to find housing have been under attack across the province. I certainly wish you well. I'm not sure there's very much I can tell you that's good in that regard, but it must have been very difficult, and I appreciate that, for you to come here facing that crisis and yet be prepared not to address that but to speak very candidly, frankly and honestly to the crisis that's being generated, in my view. You understand that's my view based on what I've read about the implementation of slots.

These are truly an insidious thing. They're far different from slot machines as anybody has known them. They incorporate the video game phenomenon with the near-virtual-reality phenomenon. The manager from the Windsor racetrack was up in Sarnia with us. They've got the machinery now with picture in picture, so you sit at your video, you bet your horse, you put your horse race down in the lower right-hand side picture in picture, then you play the slots, one and a half seconds between insertion. You pump the loonies in while your horse is still running and then you switch the picture in picture, bet your next horse and you've got 20 more minutes plus the minute and five seconds to play the slots. The people who build these things know what they're doing. As a matter of fact, some of the same manufacturers, Bally etc, have been very actively involved in developing the video game technology which has catered to adolescents.

You mentioned the research of Schaffer, among others; Derevensky, whom I spoke with this past week, a McGill University professor who's done a lot of research indicating double-digit levels of pathological gaming addiction on the part of adolescents and young people, including in CEGEPs and in universities — double-digit, far higher than the numbers these people prefer to talk about.

Derevensky, who does his work at the Montreal casino, says that the proposition of restricting access to the casino to people under 18 is a fallacy. He has had no difficulty finding under-18 players in the Montreal casino to interview and he's documented those numbers. You refer to Schaffer, Derevensky; these people would rather you didn't. You could also have referred to Frisch at the

University of Windsor, who talks about 17% of adolescents being either high-risk or pathological gamblers. These people could have referred to Mark Griffiths at the University of Exeter in Great Britain, who has spent a virtual career in studying adolescents and young people and slot machines and the enhanced levels of addictiveness.

I appreciate your candour and your frankness. I appreciate that you haven't wanted to speak of things whereof you do not know, compared to people like Ms Marland, who's come up here from Toronto for one day to fill an empty seat.

**The Vice-Chair:** Mr Kormos, I'm sorry, your time has expired.

**Mrs Marland:** I suppose Ms Martel is filling an empty seat because she's a sub for one day.

**Mr Kormos:** She's from Sudbury, and I'm glad she's here. I spent three hours on the phone briefing her last night.

**The Vice-Chair:** Mr Kormos, please. Thank you. Ms Marland.

**Mrs Marland:** You don't know whom I've talked to.

**The Vice-Chair:** Mr Flaherty, go ahead.

**Mr Flaherty:** I thank Mr Kormos for his question. There was a question in there somewhere, I'm sure. It's just we haven't heard it yet.

**Mr Kormos:** That was an acknowledgement that somebody had some candour.

**Interjection:** Now he leaves.

**Mr Flaherty:** No, don't leave. You might learn something.

Thank you for coming, Mr Schmidl, and making the presentation you've made. In the one Canadian study we have dealing with the reality of the Windsor casino, the introduction of over 100 table games and more than 2,500 slot machines and video lotteries, when studied, it was found that there was no significant change in the number of problem gamblers, nor any significant increase in the weekly expenditures on gambling, which ranged between \$10 and \$11 before and after the opening of the Windsor casino. That's a concrete study. It was done in Windsor. It was done by the Canadian Foundation on Compulsive Gambling by the professor of whom the member for Welland-Thorold makes mention.

That doesn't mean, of course, that is what will follow on video lotteries but it does give us some basis for anticipating that there ought not to be a significant variation from that 1% to 2% on addiction. This is premised on the assumption that gambling or gaming is already available in the community. Is gaming already available in Sudbury?

**Mr Schmidl:** That depends on how you characterize gaming. If you include things like bingo and Nevada tickets that previous presenters have been talking about, yes.

**Mr Flaherty:** There's bingo, Nevada tickets — those are those break-out tickets, right?

**Mr Schmidl:** Yes.

**Mr Flaherty:** What about horse racing?

**Mr Schmidl:** There's Sudbury Downs, yes.

**Mr Flaherty:** Sudbury Downs, okay. What other forms of gambling are there here? We've heard about Monte Carlo nights here, roving Monte Carlo nights.

**Mr Schmidl:** Yes. There are charity casinos as well. These things are available pretty much everywhere in the province. I think that's what you're getting at.

**Mr Flaherty:** What I'm getting at is that if persons living in Sudbury or area wanted to gamble today, they could, legally.

**Mr Schmidl:** Yes, that's certainly true.

**Mr Flaherty:** Right, and they probably could illegally in some circumstances too, because we know there are 15,000 to 25,000 illegal video lottery machines in the province. Do you have a background in social science at all?

**Mr Schmidl:** I have two university degrees: one in political studies and one in social work.

**Mr Flaherty:** What I'm getting at in terms of studies and looking at situations is that it's unreliable, to try and use a neutral word, to draw a cause-and-effect relationship where one introduces a new variable where the situation is already readily available in the community. Do you follow me?

**Mr Schmidl:** Yes, I follow you. However, the fact that there have been studies elsewhere — you're using a Canadian example, and obviously —

**Mr Flaherty:** An Ontario example.

**Mr Schmidl:** An Ontario example. There are examples elsewhere in not too dissimilar jurisdictions. I don't want to get into a game of tossing studies back and forth because I'm certain that for every study you could name or Mr Kormos could name you'd come up with one to balance his and he'd come up with one to balance yours.

Video lottery terminals are new. They're a different thing, as you say, although they do exist illegally in the province. So to some extent, yes, it's a new thing and therefore it's a new variable, but from the other studies that have been done in other jurisdictions, people in Ontario are not that much different from people in Alberta or people in Michigan across the river or whatever.

**Mr Flaherty:** I agree with you on that. Let me ask you this: Since those jurisdictions already have video lotteries, to what extent should the government interfere with the free choice of —

**The Vice-Chair:** I'm sorry, time has expired. Sir, on behalf of the committee, I'd like to thank you very much for your presentation.

**Mr Kormos:** Chair, if I may, I'd ask you to acknowledge a former MPP, Mel Swart, and his wife, Thelma, from Welland-Thorold. Mel of course is a long-time opponent of these types of frivolous and scandalous efforts on the part of governments to raise money by attacking and victimizing the poor. I'm sure Mel would be more than prepared to make a submission to this committee if we would allot him the 20 minutes, but I think you know where he stands.

**The Vice-Chair:** I think we do. Thank you, Mr Kormos. Good to see you, Mr and Mrs Swart.

Our next presenter is CD Warehouse, Mr Dene Holmes. Is he here? We'll move on then to Al Sizer from Sudbury Minor Baseball. Either one?

What we will do is recess until 4:40, which is the time that Mr Holmes is scheduled to appear. We're running a little ahead of schedule.

*The committee recessed from 1622 to 1647.*



## CD WAREHOUSE

**The Chair:** We will proceed with our next scheduled presentation by CD Warehouse. Mr Dene Holmes will be speaking to the committee. Welcome, Mr Holmes. You represent CD Warehouse, which I take it is a retail shop.

**Mr Dene Holmes:** Yes, it's a mail order CD business, but it's an umbrella. Committee members, interest groups and fellow business people, I was in the RCMP for 10 years and I decided to start my own business. I left the RCMP and got into a business selling CDs and cassettes, and then moved on into the arcade business, which therefore puts me into line with VLTs, if you will.

As you know, starting up a business you have to follow all kinds of rules and regulations from many different acts, and it certainly is a struggle. As any good businessman will tell you, to run your own business nowadays is not an easy job, so you struggle. To this day, I still put more of my income into wages for the people I hire than I actually pay myself. Therefore, I have a second job. Unfortunately, I'm not powerful enough to change any of the laws to increase my revenues.

The way that I see the gaming legislation going, I have a real concern. It has allowed the government to make gains, big gains, but for the entrepreneur like myself hands are tied. I cannot move into the same business that the government now wants to proceed on. Therefore, I'm sitting back saying: It's supposed to be a free, democratic country. Why can I not get involved in business freely? Why should the government have different rules and regulations than I do referring to the Criminal Code? The Criminal Code states that you shall not have a machine that pays out tokens or money; section 106 or whatever. It's changed now; anyway, that's close enough.

**Mr Kormos:** It's 207.

**Mr Holmes:** Thank you very much. It's there. But yet in the gaming legislation the government has made provision for itself to be exempt.

I am not here against a certain party of the government. I am not here because of any other reason but my interest. It really seems to me to be a bit of a dictatorship — I won't go as far as communism, but certainly a dictatorship — in that one part of society can do one thing, and in the free trade, the free world that we have an entrepreneur can't do that same thing.

Yes, I am a little bit bitter in that the government does have such a power and that it sees itself different from the regular people in Ontario. As an entrepreneur and as a businessman, that really bothers me. I wish I could just swish the pen and, through those changes, erase the red ink that's in my business. I realize that the government today would like to erase the red ink it has, but I wish it was on a more even scale, a more even level.

I own machines similar to VLTs. I own them here in this city, but I can't pay out. Therefore, when and if VLTs are introduced into Ontario it will only be the government, whoever they might be, whatever party it might be, that will benefit from these things. It will obviously be a loss of revenue for myself, possible bankruptcy and, for sure, layoffs. I've got several of these machines around town. They do fairly well on an amusement basis. Trust me, the bars, tourist places and restaurants that have them enjoy that extra revenue, just as well

as my people I have working for me enjoy their jobs — being able to go around and fix these machines, collect the money, do their public relations, try to get a few more machines in a few other bars and try to build up the business so that we can have a better business and all enjoy the benefits that would come from that business.

Yet the way I see the VLT process going — and I have spoken with the Ontario Lottery Corp, the director of the lottery corporation in Sault Ste Marie. I spoke with him two days after it came out in the budget. I phoned — I was very concerned — and he advised me at that time that there would be no jobs created; not one.

Where I was looking as an entrepreneur — I said: "This is going to be a big thing, it's going to be big revenue, there's no question about it. Where can I get on the bandwagon? I have the potential of fixing these machines. I know how the machines work. I know the business very well; I've been at it for the last 13 years or more. I'm sitting in a very good position to be able to get a job out of this." "Good luck. There will be no jobs created." Definitely not any long-term jobs, but yet there will be substantial revenue coming in. Obviously, as I run an entrepreneurial business, if there's more revenue coming in there have to be more jobs. It just has to go that way in my business, because certain people do certain things. If my business increases, obviously there's room for more jobs. But I don't see that with the VLT proposal the way it is set out right now.

Yes, certain bars and hotels, fellow businessmen who sit behind me here, think it's a great idea, and I support their idea. If it's good entrepreneurial spirit and it can make them money, great, but unfortunately this will be very limited. Those people who want them are not going to get them; only a very limited number. That is the other problem I see. Who gets them? It's never, ever been stated to us. All they've told is that it will be very limited, and it leaves it there.

When that happens, obviously the small-time bar owner or lounge owner somewhere else is going to lose his revenue from these machines that already exist to the people who are going to have them. They don't have an opportunity to invest to buy one or to get involved in one, so they again are separated. They can't compete fairly on a scale to have their business run as successfully as somebody else's.

What I'm really saying is that I'm a firm believer that if VLTs are introduced and brought in, those who have them will do well. No question about it; they will do well. What about the other, little guy? We're forgetting about him. He's gone. He's going to end up probably losing his spinoff business from that, whatever it might be: the eating, the drinking, whatever comes along with that. There's obviously spinoff business to these. As far as I'm concerned, this would bring more layoffs, more bankruptcies etc.

One small point I want to make here before I sum up: I was coming back from a do today. That's why I was a little late, and I apologize. It's funny how I thought of this. I said, "It's funny, if we referred to the government as one player in a game, and the rules didn't allow for another player to play that game, then obviously only one team wins, doesn't it?"

Because of the rules and regulations that are set out, and the exemptions — I'm referring now strictly to the exemptions that the government has in its favour here — if you're playing a game of Monopoly and you're playing by yourself, it's kind of hard not to win, very hard not to win.

I want to get into that game. I'm an entrepreneur. This is what I thought we were trying to promote in this country and especially in this province: a good source of small business, a good base of entrepreneurship. I don't see that with this VLT legislation that's coming around.

I could go on, but the day is aging. Allow me to give you a solution. There's no use coming and bitching. Let me give you a solution to what I see could happen and to keep everybody happy. I'm not saying that I agree with the VLT proposal and the VLTs coming in. My personal opinion? No, I don't. But if it was to come in, get more people involved, not just have it government setting up, the clientele putting the money into the machines and the revenues being split up between those very limited people and the government.

1700

You're right, I see no jobs here. I see nothing. I see no mix. But if we got more people involved, open it up to entrepreneurs like myself or anyone else who wants to get in the business — it is all very well monitored. I'm very familiar with the way the system works in Newfoundland and New Brunswick. I'm not so familiar with it out west; I don't know how they have it set up out there. But it's very well monitored. There's no hanky-panky with the books. The books are there. You pay your dues and that's it. That's the way the phone lines and everything work. Obviously the lottery corporation will look after that. I see no risk in getting other people involved. This would ensure that there would be no layoffs in my business. It would ensure that we could create more jobs and create a better attitude towards entrepreneurship than I see now.

Also, allow a schedule so that the VLTs could be moved around, since they are going to be limited. I realize that every single bar in every single community cannot have one; it's not going to work. But if there was a schedule set up, something similar to the casino type of operation we have here now, at least every bar, every organization that wants to have one, whether it be a lounge or — I realize we're trying to hit the tourist portion — if they were able to have a kick at the cat it would certainly keep them a lot happier. The people I deal with right now are not very happy with what is going on. "Oh, good, we're going to get one." "How do you know you're going to get one?" "Well, I know so and so and I know so and so." Unfortunately, it doesn't happen that way. But if everyone was at least, not guaranteed, but assured that somewhere down the road they'd get a two- or three- or four-month span at this thing, it might appease everybody.

My true feeling on the matter is: Leave it as it is. Don't get into the business. It's a tricky, risky business to be involved in. Trust me. Let the government run its casinos if it wishes. That is a tricky business as well. It takes lots of dollars and I am no Donald Trump. I have no intentions of getting involved in a big casino. These few machines will be very — I'll use the same word I've

heard over and over again — limited. If these limited machines were spread out to entrepreneurs like myself, it would certainly help the situation. But the entrepreneurial spirit will not go in Ontario if it goes the way it is proposed to go.

In closing, let me paraphrase very quickly, a letter that I read in Maclean's magazine in February 1995. They had a few articles on VLTs. A bartender in Quebec says that he sees them come in and go out every day, day in and day out, all kinds of walks of life, from the three-piece suits to the people who are really having a hard time, hoping to make a little more money than they have. But guess what? Very seldom does that happen, so the poor are going to get poor if they get into the VLTs. It is a very addictive thing to get into. He ends his letter by stating: "It is not right for us to teach our children that sitting at a VLT, day in and day out, is a way to make an honest living."

**Mr Kormos:** I've got to do this quickly. You know, it's incredible because every hotel-motel person who's come here wants these machines. By God, they think this is going to be the panacea for all the ills of the recession. They talk, as does the government, about these 20,000 poker video games out there. You've talked about them today. I'm prepared to concede — that's what I read too — 20,000, maybe 25,000 of them. I understand any one of them could be used illegally if you wanted to, the same way back in 1963 down at Nero's Pool Hall if old man Nero wanted to pay off on a pinball score, you could pay off on a pinball score. Been there, done that, okay?

But the industry, the hotel-motel people, say: "Slots are going to be the salvation of our industry. We need the slots to survive." If there are already 20,000 of your machines out there and they're getting a far better percentage of the gross than they are ever going to get with slots, and if people are playing these grey market machines, as they call them, as much as we're told, I'm further ahead with what you've got than I am with the government-controlled slot, because you're giving me 50%.

**Mr Holmes:** But there's one thing you're missing.

**Mr Ron Johnson:** Missing a lot of things.

**Mr Holmes:** No, there's one thing they're missing. The government can do the sounds of the jingle-jangle coming out of those machines and I can't, and that's what attracts the people.

**Mr Kormos:** That more addictive quality.

**Mr Holmes:** Oh, yes.

**The Chair:** We'll move on to Mr Flaherty. You have a minute and a half, Mr Flaherty. There's no time for thought.

**Mr Flaherty:** I was in prayer for Mr Kormos. I wasn't really thinking that —

**Interjection:** Takes longer than a minute and a half.

**Mr Holmes:** I hope you'll be in prayer for me later on, because I have a business I need to run.

**Mr Flaherty:** With respect to the video lotteries, I gather you're concerned. I was following that you were saying, and I hope I understood it correctly, that Bill 75 would allow video lotteries in licensed premises but not in non-licensed premises, and your premises are non-licensed. Is that right?

**Mr Holmes:** No, I'm not referring to that at all.



**Mr Flaherty:** Are your premises licensed?

**Mr Holmes:** Yes and no.

**Mr Flaherty:** Some are and some are not?

**Mr Holmes:** Yes.

**Mr Flaherty:** Is there anything that would prohibit you from applying when Bill 75 is law to have video lotteries in your licensed premises?

**Mr Holmes:** Certainly, because I can't run the same ones that the government is going to run.

**Mr Flaherty:** Oh, I see. I think you may misunderstand. The government is not going to run the machines in licensed premises; they're going to be put out into licensed premises for the proprietors of those premises to run and make a profit. I think there may be a misunderstanding of the concept here.

**Mr Holmes:** Sorry. You've covered the hotel part of it. Where does the other part of the revenue go?

**Mr Flaherty:** There's 10% to charities, 10% to the operators of the machines, 2% to addiction research and training and the balance to the taxpayers of Ontario.

**Mr Holmes:** I'm still in awe as to where myself as an entrepreneur can get involved. I'll certainly apply for every licence there is possible, but where do I cut in here?

**The Chair:** Thank you, Mr Flaherty. If we go to Mr Conway —

*Interjections.*

**The Chair:** Excuse me. Mr Conway has the floor.

**Mr Kormos:** I was just going to answer his question. You start with Conservative Party headquarters and your chequebook.

**Mr Sean G. Conway (Renfrew North):** You were introduced as someone who is now in business but who was once an RCMP person.

**Mr Holmes:** Yes.

**Mr Conway:** It's in that connection that I'd like to ask a question. I am, unlike other members of the committee, a complete neophyte in this business, but I'm interested to know, particularly from your past police work with the national force, how is it that in Her Majesty's loyal Ontario tens of thousands of these machines operate as illegally as they do and neither the provincial nor the national police force seems to be able to do much about it. Is it just something in the nature of the activity that makes it almost impossible to protect against?

**Mr Holmes:** I'm sorry; I'm not aware of one machine that's run that's illegal.

**Mr Conway:** I hear and I read that there are 15,000 to 20,000 of these machines out there operating illegally. I'm not sure I understand what that means.

**Mr Holmes:** I'll certainly stand here and jump on the table there. In my business, there is none that is run illegally.

**Mr Conway:** No, I'm not accusing you, but I'm just saying you, as a former policeman, probably have pretty good connections.

**Mr Holmes:** Sure, there are lots of them there. The police go on their raids and they scoop them up whenever they can. Mine don't pay out. I don't have a crank or things, and the money doesn't ching, ching, ching, ching.

**Mr Conway:** I understand that about your machines. I'm more interested about the number of machines that you obviously have no personal investment with that operate quite illegally. How does that go on to such an extent and we don't seem to be able to do much about it? Is the market just that strong?

**Mr Holmes:** I don't say the market is strong at all; I say the market is struggling very much as it is. If I was doing very well in the business and had a clientele that was going to stick with me, then I wouldn't be sitting here today, but I'm afraid that I can't play on a level playing field when these VLTs come in.

**Mr Conway:** Part of the argument seems to be, and to a lot of laypeople it would be understandable, that it's going on, it's going on all over the place, so if you can't beat them, legalize them.

**Mr Holmes:** Sure, go ahead, legalize them, but to get back to my question, where do I get into the business? I can't get my foot in the door the way it's set up right now.

**The Chair:** Our time has elapsed for your presentation. I thank you for attending today.

We have one last presenter, Sudbury Minor Baseball, Al Sizer. Is Mr Sizer or anyone representing Sudbury Minor Baseball present? If not, it seems that the cabs are waiting outside, so you can have your baggage. We are adjourning to 10 am at Queen's Park, room 228, tomorrow.

*The committee adjourned at 1710.*







## STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

Mrs Marion Boyd (London Centre / -Centre ND)

Mr Robert Chiarelli (Ottawa West / -Ouest L)

\*Mr Sean G. Conway (Renfrew North / -Nord L)

Mr Ed Doyle (Wentworth East / -Est PC)

Mr Garry J. Guzzo (Ottawa-Rideau PC)

Mr Howard Hampton (Rainy River ND)

\*Mr Tim Hudak (Niagara South / -Sud PC)

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Mr Frank Klees (York-Mackenzie PC)

Mr Gary L. Leadston (Kitchener-Wilmot PC)

\*Mr Gerry Martiniuk (Cambridge PC)

\*Mr John L. Parker (York East / -Est PC)

\*Mr David Ramsay (Timiskaming L)

Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Mr Jim Brown (Scarborough West / -Ouest PC) for Mr Klees

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli

Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson

Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston

Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton

Mrs Margaret Marland (Mississauga South / -Sud PC) for Mr Guzzo

Mr Toni Skarica (Wentworth North / -Nord PC) for Mr Doyle

### **Also taking part / Autres participants et participantes**

Ms Shelley Martel (Sudbury East / -Est ND)

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service



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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 21 August 1996

# Journal des débats (Hansard)

Mercredi 21 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
Clerk: Donna Bryce

Président : Gerry Martiniuk  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Wednesday 21 August 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Mercredi 21 août 1996

*The committee met at 1005 in room 228.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996  
LOI DE 1996 RÉGISSANT LES ALCOOLS,  
LES JEUX ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** Good morning, ladies and gentlemen and members of the committee. These are the hearings of the administration of justice committee's consideration of Bill 75. The committee has set aside two days for clause-by-clause consideration of the bill. We will be sitting today till 12 o'clock and then resuming our sitting at 1:30, and we will start again tomorrow at 10 o'clock in the morning.

I believe it is agreed that we will follow the numerical order in the bill, even though the schedule is really contained in part I, section 1, which traditionally would be usually done at the end of the bill. We're going to do it in numerical order this time as a matter of convenience.

Any questions, comments or amendments to the bill? If so, which sections? We are starting with section 1.

**Mr Peter Kormos (Welland-Thorold):** Chair, as a preliminary matter, as you know, Norm Sterling, then Minister of Consumer and Commercial Relations, here before this committee on the first day of its hearings three weeks ago, attempted to respond to questions — not very articulately or effectively — but attempted to respond to questions and I give him credit for that. But it appears that in the interim, if we're to believe what the press says, Norm Sterling is no longer the minister responsible for this proposal, for this endeavour, and that indeed the minister is now one David Tsubouchi.

Over the course of three weeks, we've learned a great deal. We've learned indeed of the concerns about high levels of addictiveness of these machines. We've learned of concerns about the government engaging in a mere cash grab. We've learned of concerns about the relationship between organized crime and the purchase and supply of video gambling equipment, most recently as yesterday when, in a brief submitted by the clerk of the

city of Sudbury, we were permitted to read a report prepared by one Tim Kelly from the criminal intelligence unit of the Fredericton Police Force who related information confirming what indeed has been feared by more than a few of us.

In view of that and in view of the fact that there's been a change in ministerial leadership, and understanding of course that a minister, being in cabinet, controls the course of these types of proposals, in this case Bill 75; and also in view of the fact, I take note, that the meetings of the standing committee on social development, which has been considering Bill 76, so-called environmental protection legislation, have been cancelled indefinitely as a result of that minister being replaced by, as it is now, Norm Sterling — clearly Norm Sterling has the insight to be aware that he has to be briefed on what's happening with respect to Bill 76 before he can participate effectively or meaningfully or give leadership to his parliamentary assistant in that new role — in this instance I am submitting and I move that this committee suspend its hearings.

I made a motion yesterday because of what Professor Alan Young said about the illegality of this scheme, his strong fears that the whole scheme may run afoul of the Criminal Code of Canada and its sections that control illegal gambling, illegal gaming, illegal slots. Professor Young, as you know, authored a submission that was presented to this committee in Ottawa. I note that somebody called Ab Campion, who's a spin doctor, a media person, a communications person in the minister's office of the Ministry of Consumer and Commercial Relations, responded in a CP article of this morning saying —

**The Chair:** Excuse me, Mr Kormos —

**Mr Kormos:** One moment, sir. I'm making —

**The Chair:** Excuse me. Perhaps you and Mr Crozier or anyone else could assist me. I understand you are moving an adjournment and I had understood that there was no discussion or debate permitted on a motion for adjournment.

**Mr Kormos:** No, did I say "adjournment," Chair?

**The Chair:** You certainly did. You asked that the hearings be suspended. As far as I'm concerned, that's an adjournment sine die, Mr Kormos.

**Mr Kormos:** Oh, please. Listen carefully —

**The Chair:** Well, let's deal with that: Are you permitted to debate on the adjournment?

**Mr Kormos:** Let's deal with the proposition that all Ab Campion could say is, "Well, we think we won't breach the Criminal Code." What a candid lack of certainty. The ministry has clearly failed to respond to any of the concerns that have been raised during the course of the last three weeks, ranging from the illegality



of the scheme is a contravention of the Criminal Code, through to the invitation to organized crime to become partners with this government in this scheme.

We have a new minister. The last minister was barely capable of responding in any meaningful way to questions put to him. The new minister, one can only suspect, had been devoting his efforts and energies to running, however poorly, the Ministry of Community and Social Services. In view of the fact that the meetings of the standing committee on social development have been cancelled until further notice so that Norm Sterling, the new Minister of Environment — I know he'll receive able assistance from his staff who have had to do double time. I mean, his senior staff have been split. Ms McGregor, without any increase in pay, has been serving two masters. She has been serving the minister's lapdog, Mr Flaherty, on this committee and at the same time has been helping Mr Sterling adjust to his new role.

I submit it's essential that this committee follow the precedent established by the standing committee on social development, that this committee suspend its consideration of this bill clause by clause until such time as the new minister can appear before this committee to respond to questions and to indicate whether or not that new minister is in a position to be the helmsman, if you will, for this pathetic partnership with organized crime and this pathetic victimization of the poor in this province.

**The Chair:** As I understand it — let me state it fairly — Mr Kormos has moved that this committee suspend consideration of Bill 75 until Minister Tsubouchi can appear in front of this committee.

**Mr Kormos:** You did your best, Chair.

**The Chair:** Okay, well, please give it as concisely as —

**Mr Kormos:** You did your best.

**The Chair:** Did I misstate something?

**Mr Kormos:** You did your best. That's reasonably good.

**The Chair:** Is there any debate on that before I put the question on the motion?

**Mr Bruce Crozier (Essex South):** I'll be reasonably brief. I support the member in his motion to suspend the further consideration of Bill 75. As I recall, and I'm paraphrasing, the Premier said with his changes in cabinet this past week that he wanted to further set the direction of his government. If a minister is to have any credibility at all in his or her portfolio, I think they should be given the opportunity to address important issues that will involve their ministry. As each of us knows, having been around this province over the last three weeks, this is a very important issue, notwithstanding the reorganization that this covers, but some of the subject matter such as the video lottery terminals.

I would think Minister Tsubouchi would be anxious to address this committee, to be given the opportunity to either confirm that he supports the essence of Bill 75 or perhaps there are some parts of Bill 75 that he does not support. It's important enough that we start the whole process by having the minister appear before us. Therefore, I can see no reason why the government wouldn't want to have its new minister appear before us and to also advise us of his feelings on this issue. For that

reason I would support this motion to suspend any further deliberations.

**The Chair:** Is there any further debate on the matter before I put the question?

**Mr Kormos:** Before you put the question, of course, each caucus is entitled to a recess of up to 15 minutes when that caucus is not complete at the committee hearing. I'm requesting a recess upon you putting the question to that effect.

**The Chair:** I'm sorry, you have to speak into the microphone a little closer.

**Mr Kormos:** I'm talking to you, Chair.

**The Chair:** I know. I can't hear you. I literally cannot hear you.

**Mr Kormos:** Chair, as you know undoubtedly, having read the rules, each caucus is entitled as of right to request for a recess if that caucus is not completely represented, if all the members are not present when the question is called. I'm putting to you now that upon you calling the question, I'm requesting that recess.

**The Chair:** Is your request now that we have a 15- or 20-minute recess?

**Mr Kormos:** You've got it, Chair.

**The Chair:** Which one?

**Mr Kormos:** Twenty minutes.

**The Chair:** Twenty minutes, and that's before any vote or further deliberation.

**Mr Kormos:** Upon your calling the question.

**The Chair:** We are recessed for 20 minutes. We will reconvene at 20 to 11.

*The committee recessed from 1017 to 1037.*

**The Chair:** The question has been put on Mr Kormos's motion before the committee that we suspend consideration of the bill until the new minister appears in front of this committee, or words to that effect.

**Mr Kormos:** Recorded vote, please.

#### Ayes

Crozier, Kennedy, Kormos, Ramsay.

#### Nays

Flaherty, Ford, Guzzo, Bert Johnson, Ron Johnson, Parker, Skarica, Stewart.

**The Chair:** The motion fails.

We are now considering section 1 of Bill 75. I asked the question earlier whether there are any comments or amendments to section 1.

**Mr Kormos:** I want to start making it clear from the very onset, just in case anybody didn't get the drift over the course of the last three weeks specifically, since this proposal was first introduced by way of first reading, that I have no support for this legislation. Indeed, my opposition to this proposal, to this scheme has been reinforced over the course of the last three weeks by things that we've heard from people across this province.

I know that certain interests have a strong interest in seeing this bill passed, in seeing a slot machine regime established here in Ontario. I understand that. I also understand that the great deal of money that's going to be syphoned, vacuumed, picked from the pockets of Ontarians is such that the price of poker has gone up, if

you will, a great deal, clearly notwithstanding the large proceeds that we've discovered come not just from the Ontario Lottery Corp's 6/49 all the way down to bingo and keno; we've become increasingly aware that things like charity bingos reap large revenues for the participants in terms of the charities.

In Fort Erie, one of the operators of Delta Bingo told us about the incredible profits that industry itself enjoys, at least with Delta. Clearly that ranges all the way from Delta, with million-dollar profits, and that's what Mr Cameron spoke of, down to a woman we spoke to in Sudbury yesterday who talked about operating a competitive bingo, the second bingo operation in her community, a mere three days a week, and appearing to be less motivated by the profits than by her interest, as she spoke of them, in supporting charities. The merger contained right away, obviously, a commission. We're starting to talk about the Alcohol and Gaming Commission of Ontario; we precede section 2. We don't even get to vote on section 2 before we're called upon to vote on section 1. But strong interests.

We learned about — and the people who didn't should have been paying closer attention — the great entry point this constitutes for organized crime. We learned of the corruption of communities and of individuals that will be affected, I'm convinced, by this legislation. The Chair persists in suggesting that when OPSEU was here speaking to this committee, they weren't addressing the bill. I find that an interesting proposition, because they were very much addressing the bill; they were talking very much about this merger, about this prelude to the privatization of alcohol and gaming and its regulation. I'm opposed to section 1 simply because it's symbolic of the balance of the bill. I'll be speaking more specifically on respective sections as we go through them, but I'm going to be voting against section 1 and I'll also be asking for a recorded vote, please, Chair.

**The Chair:** Is there any further debate? We're dealing with section 1 and not the schedule. We will follow with the schedule, so you'll have an opportunity to debate the particulars of the schedule referred to in section 1. If there's no further debate, I shall put the question.

Shall part I, section 1, be adopted?

All those in favour?

**Clerk of the Committee (Ms Donna Bryce):** Mr Flaherty, Mr —

**Mr Bert Johnson (Perth):** On a point of order, Mr Chair: There has not been a request for a recorded vote.

**Clerk of the Committee:** Yes, there has.

**Mr Bert Johnson:** No, he said that he will. He has not.

**Clerk of the Committee:** He has requested it.

**Mr Kormos:** Now I'm sure you've got my vote for that Speaker's position.

#### Ayes

Flaherty, Ford, Guzzo, Bert Johnson, Ron Johnson, Parker, Skarica, Stewart.

#### Nays

Crozier, Kennedy, Kormos, Ramsay.

**The Chair:** Section 1 is adopted.

We are now dealing with the schedule attached to section 1.

Are there any amendments or comments in relation to the schedule attached to section 1?

**Mr David Ramsay (Timiskaming):** I'd just like to make a point of order if I could at this time. I just want to bring to the attention of all the members that our clerk has passed to all the members of the committee the statistics from the finance branch of the finance ministry of Alberta in regard to gaming revenues. You see that before you, and contrary to several government members yesterday stating that the revenues from the pull tickets, commonly called the Nevada tickets, in Alberta have not declined, the statistics speak for themselves from the Ministry of Finance in Alberta. I ask you to look at those. The revenues from the pull tickets had declined.

**The Chair:** I don't think that is a proper point of order.

**Mr Ramsay:** You can't dispute the facts, can you?

**The Chair:** However, you can debate. I'll ask the question and of course debate will be permitted in regard to section 1 of the schedule.

**Mr Ron Johnson (Brantford):** Casinos caused them to drop. Read the study.

**The Chair:** Shall section —

**Mr Crozier:** Mr Chair, I do have a point of order in that when we were in Kenora, the Chair at that time, Mr Johnson, more or less admonished me for saying that such a thing was not a point of order, but he said you have to hear the person out before you can determine whether it's a point of order. So my point of order is that I think you should have heard the member out, if Mr Johnson ruled correctly in Kenora.

**The Chair:** I was not present for Mr Johnson's ruling; however, I heard enough of Mr Ramsay's point of order that I felt I was in a position to make a decision that it was not a proper point of order.

**Mr Crozier:** If it'll make you feel better, Chair, I feel better with your ruling than I did with Mr Johnson's.

**The Chair:** I don't know whether to thank you, Mr Crozier, or not.

Mr Flaherty and then Mr Kormos.

**Mr Jim Flaherty (Durham Centre):** Are you still dealing with subsection (1) of the schedule?

**The Chair:** Yes, we are.

**Mr Flaherty:** All right. I'll wait till subsection (2).

**Mr Kormos:** Seeing as how Norm Sterling isn't the minister any more, if indeed he ever was, and Dave Tsubouchi is not here — he's being reprogrammed; he got hung up on the 69-cent tuna and is probably now thinking about 69-cent payouts on dollar bets on the slots — I trust that Mr Flaherty is here to respond to questions. I would ask him, then, when we're speaking of "minister" as the minister responsible for the administration of this act, if Mr Flaherty could please explain to the committee, in view of the fact that the commission is going to be a non-share capital corporation, a government agency, the level of responsibility that a minister will have for the administration of the act. Exactly what role will the minister have in the Alcohol and Gaming Commission's fulfilment of its responsibilities?



**The Chair:** I have a question. Mr Flaherty, you referred to subsection (1) of the schedule. To me, it is section 1 of the schedule.

**Mr Flaherty:** Section 1. Sorry.

**The Chair:** Okay. I thought maybe —

**Mr Kormos:** He's practising politics rather than practising law.

**The Chair:** I just wanted to clarify that so we're speaking on the same terms. Is there any other debate in regard to section 1 of the schedule?

**Mr Kormos:** I'm putting a question to Mr Flaherty, and whether he's going to respond to it or not I suppose depends upon whether the Chair is going to — he's sitting there with the minions and I wonder whether he's going to respond. I asked him to outline for us the role of the minister in the administration of the act in view of the corporation. I'd like some elaboration on that, please, before we deal with this.

**The Chair:** As I understand the committee procedure, it is proper to address questions to the parliamentary assistant who is dealing with the bill, has carriage of it. Whether he chooses to answer is up to him.

**Mr Flaherty:** The role of the minister is as defined in the bill.

**The Chair:** I hope that satisfies you, Mr Kormos.

**Mr Kormos:** I'll never be satisfied. It reminds me of an old Rolling Stones song, Chair. Mr Flaherty should come clean in terms of the policy goals anticipated by the creation of this new commission. We heard during the course of hearings concern expressed about the way personalities were shuffled around in respective commissions; we've heard fears from within the LLBO, who have anticipated this type of merger for some time. Exactly what end is being pursued? Because we know this is an intermediary step and we know that the ministry, in the development of this policy, has a vision about how things are going to be in their view, let's say some time down the road. Could the parliamentary assistant please elaborate on that?

**The Chair:** Mr Flaherty, you have the floor.

**Mr Flaherty:** I think the minister, when he appeared on the first day of the hearings, made clear the intention of the bill.

**Mr Crozier:** The old minister.

**The Chair:** All members of the committee should have received the final summary of submissions prepared by Andrew McNaught, our researcher.

Is there any further debate in regard to the adoption of section 1 of the schedule?

**Mr Kormos:** Mr Chair, prior to calling the question, I am advising — Mr Flaherty is clearly intent on being as non-responsive as possible. I'll be seeking a recess that I'm entitled to upon you calling the question to give other members of this caucus an opportunity to attend for the vote on section 1, and if Mr Flaherty is going to play his games, by God, he ain't seen nothing yet.

**The Chair:** Shall section 1 of the schedule carry?

**Mr Kormos:** I move for a recess.

**The Chair:** Mr Kormos has requested a 20-minute recess, which he is entitled to. Therefore we shall reconvene at 11:15 sharp. Thank you. We are recessed.

*The committee recessed from 1050 to 1111.*

**The Chair:** The question has been put that section 1 of the schedule carry.

**Mr Kormos:** Recorded vote, Chair.

### Ayes

Flaherty, Ford, Bert Johnson, Ron Johnson, Parker, Skarica, Stewart.

### Nays

Crozier, Kennedy, Kormos, Ramsay.

**The Chair:** Section 1 is carried.

We are proceeding to section 2 of the schedule and we have a proposed amendment by the government.

**Mr Flaherty:** I move that the French version of subsection 2(1) of the schedule to the bill be amended by striking out "Liquor" in the fourth line and substituting "Alcohol."

**The Chair:** Do you wish to comment on it before we proceed with debate?

**Mr Flaherty:** It makes the section consistent with the short title of the act and the name of the new commission.

**Mr Kormos:** I understand the interest in making the French-language version, of course, a direct translation of the English version. One has to wonder how this error could have occurred. One can only suspect that here we have a bill drafted so hastily because of the urgency that this government feels about getting slot machines out there. Mind you, not with any interest in funding charities or helping Mr Seiling earn his paycheque as a so-called lobbyist for the hotel-motel association; because they need the revenues.

But it illustrates, it highlights and again it's something that warrants being addressed by the minister, David Tsubouchi, who of course hasn't made his presence known to this committee since his elevation from Minister of Community and Social Services to Minister of Consumer and Commercial Relations. We're left with his surrogate, Mr Flaherty. I understand that he's here, he's paid the big money. He picks up an extra 12 grand or so a year as a parliamentary assistant in addition to his \$78,000 a year salary, which means that he, like other PAs, is put out there to take the heat, take the flak. They're sort of like lightning rods; they're heat sinks.

You know what a heat sink is in electronic components? They're like the fins on the radiator of a motorcycle or a small air-cooled engine. They're designed to draw the heat away from sensitive electrical components, transistors and diodes and so on, which in theory will last forever but for the heat.

I find it interesting because this amendment does not address the only fault in this bill. As we go through it, I am going to be drawing your attention and Mr Flaherty's attention to a number of grievous drafting errors in the bill, the sort of ones that skilled lawyers like you and Mr Flaherty and Mr Guzzo and Mr Parker drive dump trucks through in court. Not because their clients are innocent, but because — and of course Mr Skarica. These are the sort of drafting errors that make people like Mr Skarica tremble in their boots because here they've got a solid case. Mr Skarica used to be a very competent lawyer and



was, until he resigned, a very competent crown attorney — extremely competent.

**Mr Garry J. Guzzo (Ottawa-Rideau):** He still is. Be careful now; he still is.

**Mr Kormos:** He's the sort of guy who used to tremble when police would go out and thoroughly investigate matters. Now, mind you, they're hard-pressed to do that because this government chooses not to fund police or policing. But when the crown attorney would prepare a case and then some little pettifogger from the small country, the back country, would come up with a drafting error in legislation and his or her client would take a walk, the crown would be left embarrassed.

Trust me, this is not the only error. This is simply a modest error in translation. Trust me, there's a plethora of obscurities in this bill that warrant, quite frankly, it being taken back by Mr Flaherty. Well, Mr Tsubouchi's a lawyer too. Mr Tsubouchi would understand that. I'm confident that had Mr Tsubouchi, who I'm told was a very competent lawyer in his own right, read this legislation, he'd be the one sending Mr Flaherty, as his minion, to ask for a suspension of the hearings.

In any event, I do want to question Mr Flaherty. I would love to question Mr Tsubouchi, but he's not going to accommodate us. The government wants to keep him under wraps, and I understand why too. Boy, even after being briefed in his last ministry he fumbled that ball, and he'd be sent in here without ever having been briefed and, I suspect, in his own right personally would probably in his heart oppose the spirit and the intent of this legislation because I know him to be a sincere person.

This focuses attention on the fact that it's the Alcohol and Gaming Regulation and Public Protection Act. I understand that here we are, we have the Liquor Licence Board of Ontario, we have the Liquor Control Board of Ontario. I wonder because, again, Mr Flaherty was evasive, to say the least, silent in my earlier question to him about where this bill is intended to lead us. Please, even this government doesn't pass or present pieces of legislation like this without having an end goal that goes beyond the mere face of the legislation.

I would ask this of Mr Flaherty: Because it is my suspicion that the Alcohol and Gaming Regulation and Public Protection Act — a misnomer in its own right — is designed to accommodate the privatization of spirits and wine in this province and hand it over to an independent body, because clearly this is all-inclusive — beer, liquor, wine — and there was a purposeful change from the word "liquor" to "alcohol," could Mr Flaherty please supply us with some sort of rationalization for that, exactly what is the intent? Clearly there's a message getting out there, being presented by virtue of identifying here in this instance alcohol. Would Mr Flaherty please respond to that?

1120

**Mr Flaherty:** With respect to the specific amendment we're debating now, the amendment is to correct the naming in English in the French section. The English section refers, of course, to the Alcohol and Gaming Commission of Ontario. In the French translation, it was in error specified as the Liquor and Gaming Commission of Ontario. That's a drafting error. In this imperfect world

in which we live, which Mr Kormos shares with us, I'm sure he realizes that we're some days less perfect than we are on other days. It's a mistake. If there are other errors that you've come across, Mr Kormos, in the printed legislation, I hope you do point them out so that they can be corrected as we proceed, both in the English and French versions of the bill.

Where is the bill intended to lead us? With respect to alcohol, as you know and as Minister Sterling mentioned, I believe, on the first day of the hearings, there has been a concern expressed by a number of people in the province over a number of years with respect to the conflict in the LCBO, the Liquor Control Board of Ontario, being both a vendor and regulator of the vending of alcohol in the province. I don't know whether you share that concern, but it is a concern that's been expressed by many, that one body would attempt to perform both functions. This legislation attempts to address that issue.

Where is the bill intended to lead us? As you know from the hearings we've been through the last three weeks, the goal of the government is to regulate and control alcohol and gaming in the province. There are the provisions with respect to creating the single Alcohol and Gaming Commission. There are the provisions with respect to the establishment of permanent charity gaming halls because of the tremendous difficulty in attempting to regulate 9,000 days of roving Monte Carlo casinos in the province, which is what has developed.

There is the legalization of video lotteries, first at racetracks and permanent charity gaming halls, on a phased basis with severe penalties and taking into account the experiences that eight of the other Canadian provinces have had, both good and ill, with respect to how they went about legalizing video lotteries and an attempt to address the reality of a substantial number of illegal so-called grey machines in the province of Ontario.

That's the control purpose with respect to Bill 75 in so far as video lotteries are concerned. We've had further discussions on that, and I know that you do not share, perhaps, the views I've expressed in their entirety, but that is the direction the bill takes us with respect to the measured control of alcohol and gaming in the province.

**Mr Kormos:** I'll defer to Mr Crozier; it's only fair.

**The Chair:** We'll come back to you, Mr Kormos, if you wish.

**Mr Crozier:** To either the parliamentary assistant or, through him, to staff, under "Definitions," it does not define the word "alcohol." I have some comments to make, but I think it would be preferable if someone could give me a definition of "alcohol." Anybody got a dictionary?

**Mr Flaherty:** I understand that the definition is in the Liquor Licence Act.

**Mr Crozier:** It would be helpful if I could just have that.

**Mr Flaherty:** If you give us a moment, perhaps we can locate it.

**Mr Rob Harper:** If you look at tab 3 of the binder, if you have the binder that was provided to you by the clerk, I believe under that tab on the first green page there's a copy of the Liquor Licence Act. On the first



page of the text of that act, it defines the word "alcohol" for the purposes of the Liquor Licence Act.

**Ms Teri Kirk:** Perhaps we can just read the definition. That may be easiest for members.

**Mr Crozier:** Yes, that would be helpful. Thank you.

**The Chair:** We'd appreciate that.

**Ms Kirk:** "'Alcohol' means a product of fermentation or distillation of grains, fruits or other agricultural products, and includes synthetic ethyl alcohol." Of course, there's an equivalent definition in French.

**Mr Crozier:** Since that definition then is contained in the act and that act will still be in effect, perhaps that's sufficient. It's just that I recall several times during the hearings, one I think was from the distillers' association and the other I just can't recall to mind exactly, there was the suggestion that the words "ethyl alcohol" be used and/or I have a suggestion that perhaps it be "beverage alcohol," because particularly when it's in the name of a commission, not everyone would understand by just simply the term "alcohol" —

**Mr Kormos:** Especially alcohol becoming fuel.

**Mr Crozier:** Yes, as an alternative fuel. They might think that somehow or other they're regulating fuel in some way. As a matter of fact, it might interest you, Chair, and others, that aside from water, gasoline is the cheapest liquid we have. I think then people shouldn't confuse alcohol with what might go into our cars, what it might cost because, as all of us know, the Pepsi we have supplied to the committee is more expensive than gasoline by almost two times. We all complain about gasoline prices from time to time and how high they are, perhaps if we had to burn Pepsi in our cars, it would really be expensive.

Chair, I would like the government to entertain the suggestion that when we get to the title that it be "An Act to regulate ethyl alcohol..." in both the long and short titles. I think that would be better understood by the public, particularly when these titles are going to be before the public at all times.

**The Chair:** Mr Flaherty, do you wish to answer that now or at some later time?

**Mr Flaherty:** I think the member has raised a point that is of some interest, a specific point. Ethyl alcohol is only part of the definition of alcohol in the Liquor Control Act. The use of the word "alcohol" is an attempt at plain language. Alcohol is defined in the legislation; the word "beverage" is not.

**Mr Crozier:** When you said about the attempt at plain language — but we have spent a lot of time on this committee over the past three weeks with semantics. Each time we used plain language, which was slot machines, you were very careful to point out to us that a video lottery terminal is not a slot machine. So I think when you talk, Mr Flaherty, about plain language, that's what I'm trying to get to, because, oh gosh, there were a lot of interjections, there were points of order made that these slot machines that we're talking about are in fact something else, when the public, in plain language, knows that by any other name it's a slot machine. Same as we could, I suppose, use in the legislation the term "booze," because everybody knows what booze is. Booze is beer, wine, liquor, liqueurs, all kinds of things. So if we really

want to use plain language, which should be our intent, maybe we should change alcohol to booze, but I don't want to go quite that far.

**Mr Kormos:** I think Mr Crozier's observations are very astute. He comes from a part of the province where he's far better positioned to speak to the growing potential industry of the creation of alcohol as a fuel and its importance to the agricultural industry. I trust that's in part what Mr Crozier was speaking to when he wanted to see a distinction here of beverage alcohol. That's why he made reference to the cost of gasoline and relative costs of various fuels and liquids and distinguished gasoline as a fuel from Pepsi-Cola as a beverage. I understand what he was saying and I'm not sure that the other committee members are as sensitive to what he was saying as I've been.

I think in view of the fact that the alcohol industry that's emerging — am I correct, Mr Crozier, in large part in southwestern Ontario?

**Mr Crozier:** Yes.

1130

**Mr Kormos:** This government certainly hasn't shown any sensitivity to the alcohol industry that's developing there. I don't think it has been mentioned. No, that's unfair, I think Noble Villeneuve has mentioned it once in the year that he's been Minister of Agriculture. I think it makes it all the more imperative that the government rethink its references in this bill and identify clearly that this is about regulating beverage alcohol and not other forms of alcohol, which I'm convinced are going to become very prevalent in our society, and rightly so, because it's important to the agricultural industry, it's important environmentally, of course, because it's a renewable fuel source as compared to petroleum-based, non-renewable fuel sources, and I'm told — again Mr Crozier may want to assist us in this regard — a far cleaner-burning product than petroleum-based fuels.

I have been down in southwestern Ontario and seen the pumps where you can get 10%, 20%, whatever the ratio is, of non-beverage alcohol in your gasoline, in your petroleum-based fuel. So subject to whatever else Mr Crozier might have to say on that, I think this government would be well advised to — I recall the submissions and the concerns raised by the beverage alcohol industry. They're saying: "Please distinguish us. We know there's going to be a growing development of alcohol production" — they say they want to be responsible; I don't quite agree with them in that regard — "and we want to be identified as the beverage alcohol industry in distinction to others."

Those are my concerns at this point. I don't know whether the parliamentary assistant wants to address them. Obviously I'd be pleased to accommodate the parliamentary assistant with an adjournment of this process until the fall, until the House resumes, to permit them to rework this bill as should have been done in the first place.

**Mr Gerard Kennedy (York South):** I share my colleague's concern with the rush in drafting this bill. I think it is apparent throughout the bill that this hasn't been thought through. The most important provisions are not spelled out.



This definition, I think, raises serious questions. If you look at the act where alcohol is defined, there is a clear definition of "liquor" as the type of alcohol that's consumed. "Liquor" means spirits, wine and beer or any combination thereof and includes any alcohol in a form appropriate for human consumption as a beverage, alone or in combination with any other matter," clearly what this bill wants to regulate, if we are to understand the government. In fact, if you look at the French translation of that word, it is "l'alcool." Or the word which is used presently, the word which the government proposes to substitute, is "éthanol" in French, clearly including all agricultural alcohol products.

I think it is an error on the part of the government to propose this and perhaps has to do with the semantics of having a liquor and gambling act. Is that the reason why the government prefers to have a more sanitized word called "alcohol"? Clearly, if you look at the choice of definitions from the Liquor Licence Act, "liquor" is the more appropriate word to use and the definition that we're advised, unless there is some message or meaning that we're not being made aware of on the government's part in terms of why they would want to introduce this ambiguity in the titling of the act and of the commission. If it's not going to have responsibility for synthetic ethyl alcohol, then surely it should be titled the liquor and gambling commission. I look forward to the parliamentary assistant's response on this matter.

**Mr Flaherty:** If I may, synthetic ethyl alcohol is potable.

**Interjection:** If it's potable.

**Mr Flaherty:** If it's potable. The definition of "alcohol" in the legislation is broader than the definition of "liquor," and the Alcohol and Gaming Commission would have jurisdiction over the broader definition which is there. I don't share the member's concern which I gather is that somehow the definition of "alcohol" in the legislation is ambiguous in some way.

**Mr Kennedy:** If I can clarify then, the wording which is proposed in the amendment from the government side actually refers to changing the words in French: «Est créée une personne morale sans capital-actions appelée Commission des alcools et des jeux de l'Ontario en français.» Will that be changed to «Commission des éthanols et des jeux de l'Ontario en français»? Can we please know that that more precise word is what the government is recommending at this time, the word "éthanol," which is in the definition of "alcohol," the equivalent word given under the Liquor Licence Act. Is that what you are recommending?

**Mr Flaherty:** The present amendment is, in the French version of the act, to correct the English word "Liquor" to "Alcohol." That was the drafting error. It's not to change the French version.

**Mr Crozier:** I don't know whether Mr Kennedy wants to discuss that further —

**Mr Kennedy:** That's fine.

**Mr Crozier:** — but the parliamentary assistant said it's the broader term of "alcohol," and that's what's bothered me at the outset, the broad term of "alcohol." There's methyl alcohol, ethyl alcohol; there may be 10, 20 or 30 other kinds of alcohol. That's been my whole

point, that we don't want the broader sense of "alcohol" in this bill; we want the specific alcohol named in this bill. In fact, if this hasn't been done in the past, if there is other legislation that this should be clarified in, I think now is the time to deal with it too.

For the parliamentary assistant to say, "Well, the reason for this amendment is to simply change a word," I suggest it goes far beyond that. There's no point in changing a word if that word isn't the appropriate word. If it should be changed beyond that, I think this is the time to do it, not to simply say, "Well, we want to treat alcohol in the broader sense," because it gets back into all these other kinds of alcohol then. In fact, some people drink other kinds of alcohol, so you want to be absolutely sure as to what beverage alcohol is and make sure which one you're regulating they are drinking. If they want to drink gasoline, we don't want to regulate that in this bill.

**Mr Kennedy:** To the parliamentary assistant, it seems very clear that the government is in contradiction here. You can't use the definitions interchangeably. The French definition of "alcohol" being used is the one which is declared in the act to mean liquor. Does the government intend for this to be liquor as defined in the Liquor Licence Act or does it intend it to be alcohol? If it intends for it to be alcohol, it should use the French word for that, as defined in the act, "éthanol," and be consistent. Clearly the government cannot have it both ways. We cannot have the reference to the legal definitions and then change them for the French and English versions. I really would like the government to tell us why this contradiction exists and why they want to persist with it.

**Ms Kirk:** My name is Teri Kirk, director of legal services with the Ministry of Consumer and Commercial Relations. I would like to respond to your question and indicate that the French and English versions are compatible and consistent.

There may be some confusion because «alcools...français» is a translation of the word "liquor" and not "alcohol," and they sit side by side in the French and English versions. That may be where the confusion arises, Mr Kennedy. But the definition of "alcohol" is in English, and the French equivalent of that is "éthanol"; «éthanol», c'est le mot pour «alcohol.»

"Liquor" then is defined in English; «alcools...en français» is the equivalent. Perhaps that clarifies it.

**Mr Kennedy:** It only clarifies my point, with respect, because you're using the word "alcohol" for the French version and you're using the word "alcohol" in the English version, whereas in the Liquor Licence Act definitions those aren't seen as compatible: "éthanol" is used for alcohol, as you just clarified for me.

**Ms Kirk:** I'm sorry. I'm really not understanding, except that these definitions have existed for numerous years in the Liquor Licence Act and they have not given rise to confusion.

**Mr Kennedy:** I'm referring to section 1 of the Liquor Licence Act.

**Ms Kirk:** Right. So am I.

**Mr Kennedy:** It shows the equivalent word for "éthanol," that "éthanol" means alcohol.

**Ms Kirk:** No. With respect, that's not accurate. There is no definition of "ethyl alcohol" in the English version,



therefore there is no French equivalent. There is a definition of "alcohol" in English in the act and there is a definition of "liquor" in the act. Both those words are also therefore defined in French, as they must be. The word for "alcohol," the French equivalent for "alcohol" in French is "éthanol," and that is defined. The French equivalent for the word "liquor" is "alcool," and that is also defined in the act. So there has been no confusion and it very much follows legislative drafting tenets.

1140

**Mr Kennedy:** Could we be clear then? It is the choice of the government not to use the word "éthanol" for the reason that it is less precise, that it doesn't reflect what you mean by the word "alcohol"?

**Ms Kirk:** There is no such word as "ethanol" in English. It is "ethyl alcohol," and the French equivalent is "éthanol." The government is moving now a motion on the French definition section. It refers now in Bill 75 — and we're no longer looking at the Liquor Licence Act; we're now turning to Bill 75. The government is moving a motion on the French definition to ensure that the name of the commission is referred to as the "Alcohol and Gaming Commission," not as the "Liquor" —

**Mr Kennedy:** On the titling, as opposed to a definition. It's a titling of the commission that we're looking at.

**Ms Kirk:** No, it's using the word "Alcohol" consistently in the title of Bill 75 and in the name of the commission. There was one typographical error in Bill 75 which the government is, through this motion, seeking to correct by ensuring that the word "Liquor," in all instances, is removed and the word "Alcohol" is removed in the title of the act and in the name of the commission.

**Mr Kennedy:** I understand the effort and I can also understand some of the government's reluctance to use the word "liquor," but "liquor" is clearly — at least we had the parliamentary assistant address vaguely the idea that somehow this commission would also deal with alcohol that includes synthetic alcohol or other agricultural products which appear in the broader definition of "alcohol." What we don't understand, though, is why the English definition for "liquor" is not used, which would seem to be more appropriate, and which is matched here in the French version by the word "alcool." That is not at all clear. I appreciate your effort to clarify, but the government intent is nowhere near clear in that contradiction.

**Mr Kormos:** I'm very concerned by this because, among other things, there's a lack of specificity. There is also, as I say, this umbrellaing of the act.

I note that in French there is a distinction between beverage alcohol and non-beverage alcohol. The term "alcool industriel" is a term for non-beverage alcohol, literally "industrial spirits," but obviously distinguishing.

I'm prepared to concede, because "alcool" is the traditional direct translation of "liquor." I believe that's what legislative counsel is telling us. But I suspect — and I would ask whether there's been any reference to the commission in Quebec, the commission on French language, to determine whether there has been a more precise distinction, because obviously the word "alcool" as "liquor" predates historically the phenomenon of

alcohol as anything other than a beverage. It's not a neologism; it's a long-standing word which relates to beverage alcohol. I'm interested in whether the language commission has provided a distinction parallel to "alcool industriel" to similarly distinguish "beverage alcohol," which is what I believe Mr Kennedy is speaking to, from alcohol in that broadest reference. I don't know whether there has been a referral made to the language commission in Quebec.

**Ms Kirk:** I can assure you, Mr Kormos, that when legislative counsel were drafting Bill 75 and these definitions were before them, it did provide an opportunity to ensure that French translations continued to be up-to-date and current and that the translation of "liquor" continues to be "alcool" and that continues to be contemporary and accurate.

**Mr Kennedy:** The translation of "liquor" or the translation of "alcohol"?

**Ms Kirk:** The translation of "liquor," as I've now said on a number of occasions, is "alcool."

**Mr Kennedy:** But the English version is "alcohol."

**Ms Kirk:** No. That's not accurate, Mr Kennedy.

**Mr Kennedy:** No, the English version for the purposes of this bill is the Alcohol and Gaming Commission.

**Ms Kirk:** I think, with all due respect, you continue to be confused on this point. I'll say it one more time and I'm not sure I can be any more clear on it, Mr Kennedy.

**Mr Kennedy:** I appreciate your assistance.

**Ms Kirk:** There is the word "alcohol" in English, and the definition of "alcool" in French is not the definition of "alcohol" in English. I think that is the root of your confusion.

**Mr Kennedy:** I agree with you on that point. I agree with you completely on that point.

**Ms Kirk:** There are two words defined in English and two words defined in French, so it's really very straightforward. The English words that are defined in English are "alcohol" and "liquor." Their French equivalents are "éthanol" and "alcool."

**Mr Kennedy:** Yes, and why do you not agree that if we're using "alcohol" in English, we should use the equivalent French word?

**Ms Kirk:** Yes, and we have indeed. The Liquor Licence Act does that do that and the legislative counsel have chosen the word "éthanol" as the French equivalent of the word "alcohol."

**Mr Kennedy:** No. In the act in front of us, why don't we use "éthanol"? We should use "éthanol" if we mean "alcohol." Is that not correct?

**Ms Kirk:** The act does do that, Mr Kennedy. I'm not sure I can respond any more clearly to your question.

**Mr Kennedy:** Then I would ask respectfully — Mr Chair, I would really like to ensure that we're getting the correct language here. This is a technical point. We have a definition in the Liquor Licence Act that suggests what word you would use if you wanted to call it the Alcohol and Gaming Commission, and we have a different definition being proposed here. Do we have the resources in this committee that would allow us to —

**The Chair:** Mr Kennedy and Mr Kormos and Mr Crozier, we have legislative counsel whom this committee relies on. I know we have a number of lawyers on here

but I don't think this is a legal debating society. We have an opinion from legislative counsel that this is a proper —

*Interjection.*

**The Chair:** I'm sorry. The legislative counsel at one time has reviewed this bill.

**Mr Kennedy:** Could we hear from legislative counsel on this point? Is this difference substantive? Is there a difference in meaning?

**Mr Christopher Wernham:** No, I don't think so. I think the thrust here is to be descriptive, to be plain language, and I'm sure that —

**Mr Kennedy:** Could I be very clear then? This is a choice of titling; it's not a question of definition. Is that correct when you say "descriptive"? This is the government choosing not to call this the Liquor and Gaming Commission?

**Mr Wernham:** I think, and I may be wrong on this, the attempt here is to choose a title which is easily understandable and recognizable.

**Mr Kennedy:** For our purposes here, we will have — as has been already mentioned, there's been ongoing discussion. If there is no legal implication, it comes down to our wanting to know what the government means in terms of its choice in titling, and that means, to be precise, it should have chosen either one or the other. Consistency between the French and English versions is what we're looking at. Are you saying there's no legal implication?

**Mr Wernham:** My view would be that there would be no legal implications as a result of this choice.

**Mr Kennedy:** So it rests with the government to explain why it would choose different words for this? It's their choice; it doesn't have a legal force in terms of the bill itself? Would that be correct?

**Mr Wernham:** Yes, I think so.

**The Chair:** I believe the government, through its counsel, has attempted to answer that question, and if you don't agree with it, I assume you'll be voting against the amendment.

Is there further discussion in regard to the proposed amendment to section 2?

**Mr Kormos:** Prior to calling the question, I want to indicate —

**The Chair:** I haven't called the question.

**Mr Kormos:** That's why I said "prior to," because I knew you hadn't called it. You get all excited about these little things. You think somebody's trying to pick your pocket. We're just trying to be straightforward here, and candid. Prior to calling the question, I want to indicate to you that upon calling the question, I am requesting a recess as provided for by the rules.

**The Chair:** At the proper, appropriate moment, I suggest you could do that, Mr Kormos, and I will recognize that.

**Mr Kormos:** I will give you notice that upon calling the question —

**The Chair:** You don't have to give me notice for it. I will pause at the appropriate moment.

**Mr Kormos:** I'm trying to make things fair for you, Chair. I know you're under pressure.

**The Chair:** Thank you. I'm under no pressure at all, Mr Kormos.

**Mr Kormos:** God bless you.

**The Chair:** Is there any further discussion in regard to the amendment to section 2, French version? If not, I will call the question.

**Mr Kormos:** I request a recess as per the rules.

**The Chair:** We have a recess requested by Mr Kormos. The lunch break is approaching. It's only five minutes, and therefore we will adjourn to 1:30 and have the question at that time.

*The committee recessed from 1150 to 1328.*

**The Chair:** I call the meeting to order. We're dealing with the question of the amendment moved by Mr Flaherty to section 2. All those in favour?

**Mr Kormos:** Quorum, Chair.

**The Chair:** Point well taken, Mr Kormos. We will recess until we have a quorum.

*The committee recessed from 1329 to 1331.*

**The Chair:** I call the meeting to order. Mr Kormos, you'll be pleased we have a quorum present.

**Mr Kormos:** Thank you, sir. Recorded vote, please.

**Ayes**

Flaherty, Ford, Guzzo, Bert Johnson, Parker, Skarica.

**Nays**

Crozier, Kormos.

**The Chair:** The amendment is carried.

I will take it, Mr Kormos, that you want a recorded vote unless you tell me differently, just for convenience.

**Mr Kormos:** Thank you, Chair. I appreciate that.

**The Chair:** We are now dealing with section 2 of the schedule, as amended. Shall it carry?

**Mr Kormos:** Chair, we have to debate on section 2.

**The Chair:** I was just putting the question and then we have the debate. Are there any discussions or further amendments to section 2, as amended?

**Mr Kormos:** I indicated that there were going to be some concerns expressed once again about the draftsman-ship. I refer the members of the committee and the parliamentary assistant to subsection (4), which indicates, "The members shall be appointed at pleasure for a term, not exceeding three years, designated by the Lieutenant Governor in Council, and may be reappointed."

In the French version it speaks about the term or the mandate — "mandat" — being renewable and it doesn't speak to the need for there being — because obviously when you speak about being reappointed as compared to a term merely being renewable, you have a scenario where in one instance one would assume there's some sort of process to go through — in particular, I'm thinking of the boards, agencies and commissions, the ABC committee. For a renewable term, I submit to you that they are two different things.

I indicated earlier that we'd be raising these. I'd ask for and appreciate some direction from counsel in this if it is merely a matter of once again as we dealt with — remember, last time we were doing this we were talking about the semantics and the difficulties of translation. But is "renewable" tantamount to "may be reappointed,"



which implies process, appointed once and then appointed twice, as compared to merely renewing? In English there's certainly a distinction, it seems to me.

**Mr Flaherty:** Perhaps legislative counsel could help on that point.

**Mr Wernham:** We have in our office experts who advise other drafters like myself on the equivalency between the English and French versions. My best advice is that these expressions are equivalent in the two languages.

**Mr Kormos:** I appreciate that. You're referring to these lexicons that give us guidance in terms of translation.

**Mr Wernham:** Yes.

**Mr Kormos:** I acknowledge your authority in that regard.

I would like to ask Mr Flaherty, seeing as how Mr Tsubouchi isn't here, notwithstanding that he's the minister — is he the minister in charge? We don't know. The section here that we're being asked to approve states that "there shall be at least five" members of the board. Surely the ministry, in its eagerness to see this implemented, has some idea of exactly how many members of the board there are going to be. Could he explain that to us and the rationale for that?

**Mr Flaherty:** The decision about how many persons will be appointed as members of the board will be up to the Lieutenant Governor in Council, as Bill 75 provides, and I cannot assist further than that.

**Mr Kormos:** Obviously, the parliamentary assistant having clearly indicated that this is a go — we've made reference a number of times now to his comments, which were reported in among other places the Buffalo News, to the effect that it's a go, it's a simple matter of how quickly these machines are going to be there — and certainly the commitment in that quote was to the racetrack industry, I'm asking Mr Flaherty now whether or not there have been any solicitations by the ministry of candidates for appointments to this board.

**Mr Flaherty:** I don't know. In response, if I may assist further with respect to your previous question, the LLBO board currently has 12 members and the gaming commission board currently has six, I'm told.

**Mr Kormos:** Is it contemplated that appointments to this board will be done in a model similar to other appointments such that they are screened by the appropriate committee?

**Mr Flaherty:** I'm told that's in the discretion of the Lieutenant Governor in Council.

**Mr Kormos:** That's the cabinet. Again, it really was a peculiar process because it's the boards, agencies, commissions manual which outlines the mandates of respective boards, agencies, commissions and then also has an outline of the type of skills that are required of people to participate on those boards. I'm sure that Mr Flaherty is aware of what I'm speaking — the sort of backgrounds, the sort of interests obviously reflecting a desire to have people participating on that board or commission or within that agency in a role which allows them to utilize their skills, background, interests. Do we have that type of description available yet for this proposed board?

**Mr Flaherty:** I'm sorry; I was distracted for a moment. The question related to the procedure for appointing the members of the board and whether it's going to go before the committee or not?

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**Mr Kormos:** No, that was the last one. I appreciate that, sir. I'll repeat the question. As the parliamentary assistant knows, for each agency, board and commission that is published in the catalogue of ABCs there is of course a description of the duties and by and large a description of the types of roles that are expected of people so as to indicate what types of people and what particular backgrounds or interests or skills or talents or training or education or previous experience might be inclined to be considered more readily for appointment to that. I'm asking the parliamentary assistant what type of job description and qualification description has been prepared yet for this board, agency or commission.

**Mr Flaherty:** I'm not aware of any.

**Mr Kormos:** Not aware of any.

**Mr Flaherty:** That has been prepared so I can discuss it with you because I'm not aware of any.

**Mr Kormos:** Chair, does the ministry anticipate simply accessing the pool of applicants that its appointment secretariat has or will the ministry be actively seeking out individuals — I'm not saying in any way, shape or form that it's not appropriate — in a head-hunter's style?

**Mr Flaherty:** I can't answer that, Mr Kormos, other than to say that'll be up to the Lieutenant Governor in Council.

**Mr Kormos:** We're being asked to approve section 2 of this bill. I would ask the parliamentary assistant whether there's been any consideration of adequate representation of not just anglophones but also francophones on the board in view of some of the roles that the board is going to be required to do. Is there a commitment to representation by francophones on the proposed board?

**Mr Flaherty:** With respect, Mr Kormos, I think your question is somewhat premature in that we don't have the enabling legislation yet, and the appointments are provided for in the enabling legislation. I can't answer your question directly about whether specific persons have been considered or anything like that because the act, as you know, hasn't been passed.

**Mr Kormos:** Chair, he speaks of this as enabling, and I appreciate that, but clearly there's been sufficient consideration to say that the board shall have at least five members, with no ceiling on that. This could become a dumping ground for Tory hacks. There's no suggestion of a maximum number. Surely the government, when it established the minimum number of five, must have said, "We need at least five for a particular reason." I'll ask the parliamentary assistant whether there's going to be a consideration of gender equity in determining appointments to the board, a representation of women and men on the board.

**Mr Flaherty:** Again, Mr Kormos, I can't add anything to the answer I've already given.

**Mr Kormos:** We have a problem here; we have a serious problem. If you look ahead in the act at subsec-



tion 3(3) — it's relevant to this discussion now because we're talking about the section of the bill which provides for the appointment of persons to this board, to the commission — it reads, "(3) The commission shall exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility."

Again I submit to you that we're required to at least refer to subsection 3(3) when we're considering section 2 and whether or not we're prepared to approve it as it stands. In looking at the responsibilities, the issues of social responsibility would very much suggest to me that there would be a need — I don't know how other members of the committee feel about it and I'd be pleased to hear their views — to ensure that certain communities or certain interests are represented on the board. If that's the case, it shouldn't up to the Lieutenant Governor in Council, which as we know is the cabinet, or the appointment secretariat. Let me speak to that for a moment.

We heard a lot of concern by organizations, charitable in some cases, non-profit in almost every case — none I can think of that weren't at least non-profit; not all perhaps considered charitable, depending upon which definition of "charitable" — that expressed great concern about the cannibalism of slots on their traditional forms of fund-raising, be it break-opens, Nevada tickets or bingo.

Here we have a commission with some onerous responsibilities, and I hoped that as part of the plan or strategy — maybe I hope for too much — there would have been consideration of the need to have somebody on this board who represents or has experience with or reflects the concerns of, or is capable of doing that in a very acute way, in a very concise or precise way, that large community of charitable and other non-profit organizations out there in the province.

I understand. We heard from B'naith Brith here in Toronto, which has been a fairly successful non-profit, charitable organization in terms of fund-raising. I know that constraints of time made it impossible to hear from the little people: the Knez Branimir group — I made reference to them the other day — down in Welland, the Hungarian cultural society, the Rose City Snow Seekers, the Welland Snowmobile Club, Welland minor hockey, the Polish Hall, the Ukrainian Cultural Centre down on McCabe Street. We didn't have a chance to hear from these people.

I would have loved to hear from the people at the Club Social or at the Auberge Richelieu because they do a whole lot of fund-raising. There were only two and a half weeks, very restricted, of listening and talking to people. Here we have no formula or strategy for making sure that the interests of these people are included.

Social responsibility? There's no strategy here being presented to us by the parliamentary assistant. Maybe David Tsubouchi, the minister, does know these things, and all that does is cry out for the necessity of him being here. We have no indication that there are going to be people who are representative, because the other thing the government wanted to speak about during the course of these last two and half weeks was not only the charitable funding this will provide — mind you, they wanted to talk about it without having any idea, least of all any

capacity to tell people what their definition was of charity, to tell people what their definition was of charitable organizations, to tell people what they anticipated would be their model of distributing their funds. They wouldn't even include in the legislation numbers, percentages which, as you can see from amendments that have been tabled, will be addressed in amendments to guarantee that the government kept its word about 10% going to charitable organizations.

I'm extremely concerned about that. I appreciate that Mr Flaherty says, "Oh, that's up to the Lieutenant Governor in Council." The sad reality is that notwithstanding some good patronage appointments by this government — I acknowledge that freely. I sat on that committee. I participated in the interview of many of those people. Some very competent Tories were appointed, in some cases, to some very responsible positions. But this government also in short order has acquired the burden of some very bad appointments. One appointment that I voted against and the Liberal members of the committee voted against, just to illustrate how inadequate the reliance is upon the Lieutenant Governor in Council, was that of Evelyn Dodds to the Social Assistance Review Board. This government picked a reformer, a wacko, to serve on the Social Assistance Review Board — 75 Gs a year, big cheese, big bucks — and as vice-chair of that board to hear appeals from social assistance recipients who wanted to appeal rulings made about their eligibility.

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I read that from January through to June this year she heard 53 appeals and only granted 12 of them. One of the appellants, and this is an illustration of how dangerous it is to not lay this out in the legislative framework, was apparently a 52-year-old woman who had colitis, degenerative disc disease, celiac disease, arthritis and osteoporosis seeking to be deemed as permanently disabled. Her family doctor apparently offered evidence saying that she was unable to work because of the colitis, which is a bowel disease that causes severe pain and frequent urges to defecate and bloody stool. The woman indicated she has to wear protection when visiting the doctor — Depends, that sort of thing, diapers — and even then must go to the washroom at 10-minute intervals. Evelyn Dodds denied her appeal for permanent disability saying the frequency and duration of the colitis attacks was unclear.

Again, I'm speaking to the lack of structure within section 2 of this bill as to the basis for appointments to what will be a very powerful board with some very onerous responsibilities. Evelyn Dodds, wacko from Thunder Bay, is an example of how it doesn't work. You can't rely upon the system. Another case she heard was a 39-year-old former truck driver whose argument was that he was unable to work because of severe anxiety attacks causing heart palpitations, sweating, blurred vision and the urge to avoid people. It was described as chronic anxiety, disabling. The prognosis by a doctor was described as very guarded — appeal denied by Evelyn Dodds.

One of the problems in the legislation governing appointments to the Social Assistance Review Board is



that you don't have, as this legislation doesn't have, clear standards or guidelines as to who ought to be on there. You have a description of the tasks they're to perform. Here you have a marriage of what have traditionally been two diverse or at least separate regulatory bodies: the gaming commission and the Liquor Licence Board of Ontario, the alcohol licence board, if you will, of Ontario. I'm concerned because when I asked the parliamentary assistant the questions I have — I'm not disputing that he simply doesn't know. I acknowledge that he simply doesn't know, and he's got high-priced help there. There's a couple of hundred grand a year sitting right around him, then add his salary to that and you're getting well beyond a quarter of a million, and these people are doing their best. They're doing their very best. They've been sent here without any tools. They don't know because nobody's told them.

I am very concerned about approving legislation that's going to permit the appointment of a board of at least five people, and Lord knows how many more, without telling us in some general, even vague way — perk up, guys, whip staff is in here. Open those blinkers, open those cheaters, she's taking score. Perk up, guys; that's it. Barb's in.

You've got Evelyn Dodds as an illustration: a dangerous, tragic appointment, once again perfectly entitled, I'm sure, to serve somewhere on something. But because Social Assistance Review Board doesn't have what I'm seeking here in section 2 — you had another appellant come before Evelyn Dodds, a 45-year-old man who said he was totally blind in one eye, near blind in the other —

**The Chair:** Mr Kormos, you are getting off the topic.

**Mr Kormos:** I'm speaking about section 2 of this bill.

**The Chair:** Ms Dodds has been mentioned three times, and she has nothing to do with this act.

**Mr Kormos:** Chair, I beg to differ.

**The Chair:** Use a different example, that's all, a little variety.

**Mr Kormos:** Another example of another dog that was appointed by this government, another totally pathetically inadequate person? We saw them being trotted through that boards, agencies and commissions committee, muzzles removed, unleashed, week after week.

We're talking here, in the case of Evelyn Dodds, a pure hack patronage appointment, a hatchet person, somebody mean and evil to do these people's bidding, rather than represent the mandate and to protect the little people.

This board, the Alcohol and Gaming Commission, is going to have the responsibility of protecting people along with a whole lot of other jobs. It's going to have an onerous responsibility. I've said that three times now too. It's going to have a responsibility to protect the victims of slot machines. It's going to have a responsibility to protect the small business people, notwithstanding that they've had the carrot dangled in front of them, the promise of the promised land, this brave new world of slots. They've been promised this economic euphoria with this new drug, this crack cocaine, the slots, when we know, Chair, that it ain't going to work.

It ain't going to work for the little tavern or bar in most of small-town Ontario, because we also heard

evidence at the committee hearings about the sustainability, or more important, the lack of sustainability of this type of industry, especially when you don't have massive turnovers in markets, and that's most of Ontario. These poor folks thought, as I say, that this was the promised land. So I question the failure of the legislation to talk about the need for there being representation on this board by the community of non-profit and charitable interests.

Had there been even the slightest ability on the part of the parliamentary assistant, Mr Flaherty, to tell us that there was a plan, to tell us that there was a schema, that there was a policy that was even under development that would ensure these ends are reached, it would have soothed me somewhat, would have calmed my fears, but he, in all candour, shrugs and says, "I don't know, I don't know, I don't know, I don't know." That's what he says: "I don't know. Don't ask me."

We indicated that early this morning we'd love to be able to ask Mr Tsubouchi, because Mr Flaherty doesn't know. Now, the problem with asking Mr Tsubouchi this morning is that he don't know either. He don't know either. He's still been celebrating his early release for good behaviour from the imprisonment of Ministry of Community and Social Services. He's saying: "Praise the Lord, I must have got my statutory remission. My parole board was far better to me than it was to a whole lot of other folks" — because he got early release. He must have done something right.

We don't have any suggestion here of representation on the board of small business interests, real small business — not the Frank Stronachs of the world with thousands of non-union, lowly paid, mistreated employees — legitimate small business, the little people who have been promised the world with this thing and for whom there is going to be nothing but grief.

We don't have any suggestion for even a glimmer of participation on the commission by people from the addiction treatment community, nothing, and one would think again — you can't deal with section 2 without looking to section 3. Go with me, Chair, subsection 3(3):

"The commission shall exercise its powers and duties in the public interest," number one; two, "and in accordance with the principles of honesty and integrity, and social responsibility."

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I find it interesting that the government has to spell out that honesty is a principle and that integrity is a principle. One would have assumed that would be inherent.

But the important phrase there, what I suppose it is — and I'll speak to that when we get to section 3. I certainly will. Because to make it a statutory requirement that members of the commission be honest I suppose gives you a little room for litigation at least, right? For them to enjoy the principle of integrity would be — well, if only that had been part of the mandate of Evelyn Dodds we might be in better shape. At least we could litigate to have her removed for having breached the responsibilities. But, you see, that's the problem. It ain't there.

So we've got nobody here representing the non-profit charities community, no requirement that there be somebody here from the francophone community, no require-



ment that there be any sort of gender parity in it. Don't laugh; don't laugh. I know where you people come from on concepts of equity, and I understand that. That's an ideological thing, it's a religious thing with you.

As a matter of fact, I can also reflect on the appointments that I've witnessed going through that committee, and the number of women who have been removed from, among other things, police services boards, a remarkable number of eminently qualified women, and replaced with "good old boys." Real good old boys. We have an absence here of direction in guideline that should be of concern to all the members of the committee.

I digressed there for a minute because I spoke, of course, about gender equity. Again, I understand where Tory members are coming on the concept of equity: they don't believe in it. Fair enough. But nobody from small business, nobody from the non-profit charitable community, nobody from the treatment research community. Why, Dr Room would be, for you guys, an excellent candidate. He's been whipped into shape. It's like Gadhafi in Libya and his little green book. If you're going to be a good Libyan and if you're going to enjoy the largess of the Gadhafi regime, by God, you rehearse that little green book and you recite the mantra when called upon to recite it. Bingo, like that.

Now, here's Dr Room abandoning a position long held, and a position still held by other Addiction Research Foundation officers, and Dr Room, for the price he's paid — now, mind you, at this point he may not survive the integrity test — but for the price he's paid, one would think this government would be eager to say, "We're going to have people from the addictions research community, even if there are people who are going to be inclined to support our view of the world rather than many others' view of the world." There you go. Nobody from the affected communities in terms of other industries.

You heard, Chair, from the bingo industry. Again you heard — as I indicated in speaking to an earlier portion of this bill — that in some cases can be a very profitable industry and in other cases enjoy much more modest profits, but none the less one of the problems — I was going to say one that is undeniably going to be impacted — is the failure of this committee to want to address its mind to the contradictions. On the one hand, the break-open people are told, "Don't worry, slots are not going to impact on your break-open revenue." Well, fair enough. But on the other hand we're told, "Don't worry, slots are not going to increase the amount of money gambled." You can't have it both ways. That's called sucking and blowing. You can't have it both ways. If they are going to impact, then they have to be taken into consideration. If they're not going to impact, it implies there's going to be a whole lot more money gambled away here in the province of Ontario.

The committee's been disinclined to want to address that contradiction. Some committee members are disinclined to want to look at the whole picture; disinclined to concede anything.

We're up to the point of beyond small business people now. We're up to the affected or related gaming industries in the province: bingo, break-open. The number, as I recall off the top of my head just from memory, was

\$1.3 billion in break-open tickets sold annually. Clearly, if there's going to be an impact on it — and one has to anticipate there's going to be some impact, because what we also heard was that it's a very similar market, right — you remember that, Chair; I appreciate your understanding that — for break-opens and for slots: lower income, spending small units of money per play and a similar sort of game, which requires absolutely no skill, and there's no component of skill in either one, and one which lures not the gambler, not the game player, not the card player or the person who knows odds in a crap game or even, I suppose, at a roulette wheel or at a 21 or blackjack table, but somebody who can be lured very quickly into this insidious racket. So nobody from those industries.

I would have loved to have had Mr Flaherty, even in the most modest or cursory of ways, give us something, a ray of hope, that would make it unnecessary for us to be so concerned about the silence in section 2 — that's what we're talking about, section 2 of this bill, Bill 75 — when it comes to the structure of the boards.

Once again, I'm really concerned, because Normie Sterling, the previous minister, says the government needs the cash. He said that in the *Toronto Star*, August 7, 1996. He says we need it to pay off our debt. Okay? Normie Sterling says we need it to pay off our debt. Well, these clowns are going to borrow — what is it? — \$20 billion more over the course of the next four years than they would have had to otherwise to piece off, to grease, their rich, fat friends. They're not using any of the money to pay off the debt; they're using this to provide that tax break. So where in section 2 of this bill do we have any suggestion that people with any economic skills are going to be required to be a part of this commission?

I can move on because there's not only an absence of any comment or even, as I say, a glimmer in that regard, but we move on and we talk about the incredible politics that are going to be involved in identifying locations. I think it's pretty clear that the government is going to end up in partnership with the mob in the course of buying 20,000 slot machines.

I'd be so comforted to know that somebody with a law enforcement background was required to participate in this board process. Lawyers are fine and good as advisers to this commission or any other, as the government does make lawyers available, one way or the other. But I have concern about the absence of law enforcement, because one of the other problems right from day one — and some of you might recall that there was a query put about the involvement of the Ministry of the Solicitor General. Once again, it was: "I don't know. Beats me. Search me. What are you asking all these questions for? What are you guys asking all these questions for?" That was the attitude: "Jeez, just let us put the slots out there and stop asking questions."

Well, you see, Corporal Tim Kelly from the criminal intelligence unit of the Fredericton Police Force — and again, Yesterday in Sudbury I congratulated the city of Sudbury and its clerk — one person, one office — for having done one hell of a lot more research on this issue than this government had before it embarked on its folly.



Again, a concern that there's nothing in section 2 in terms of the structure of the board to require that there be law enforcement representation on it. Corporal Tim Kelly's report that he prepared for the Cities of New Brunswick Association annual meeting in Saint John, New Brunswick, October 16, 1993, writes this:

"The issue of slot machine, one-armed bandit and poker machine gambling has long been known to be associated with organized crime. In recent years confirmed intelligence reports have linked video lottery gambling and the purchasing of the devices to organized crime." Maybe the government's sorry now they insisted on calling these video lottery machines, because that's exactly what Corporal Tim Kelly calls them. We're talking about the mob here. We're talking about the mob, Chair. "Information has confirmed that the machines were manufactured in the United States by businesses owned by organized crime families then shipped to Canada and sold to crime figures here." You see, this is the link; this is the nexus.

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Am I prepared to dispute any of that? No. Am I prepared to dispute? A member of the government caucus, Mr Guzzo, was quite prepared — and again not inappropriately, not inaccurately — to link the ownership of the machines, the grey ones, the ones that had the instant capacity, acknowledged, to become illegal machines — quite prepared to indicate ownership in Quebec and New York state, I presume primarily Buffalo, and to call upon people to draw the conclusion that it was organized crime distributing them through the province. I'm not prepared to dispute that. It's not to say that everybody — I mean, we had an ex-RCMP officer before the committee yesterday, and I don't think there's any suggestion on any of our parts that he was organized crime, but he also wasn't a big player.

The issue here is that the machines were manufactured in the United States by businesses owned by organized crime families. You don't get into this business without sleeping with the mob.

**Mr Guzzo:** Why didn't you tell Bob Rae that?

**Mr Kormos:** That was a warning that was extended by the Windsor police. The Windsor police were capable of identifying organized crime figures appearing in the city of Windsor in relatively short order after the initiation of the discussion about a Windsor casino.

Corporal Kelly goes on, "With due respect" — and this Corporal Kelly has been around.

*Interjection.*

**Mr Kormos:** I understand that, Chair, but we want a full and unfettered discussion here, well within the —

**The Chair:** I'd like one on topic, Mr Kormos.

**Mr Kormos:** Well, I'm talking about section 2 of Bill 75. I'm talking about the failure to require that representation on this commission include somebody with law enforcement experience.

Corporal Kelly goes on to say: "With due respect to the provincial government of the day, it is necessary" — not that I really believe this — "to report that Mr Brian Steeves, manager of the New Brunswick Lotteries Commission for the province of New Brunswick, has advised that since the proclamation of the New Brun-

wick Lotteries Act, an extensive investigation is conducted on suppliers of video gambling devices by the Atlantic Lottery Corp. The investigation is directed to ensure there is no criminal element involved in the sale or manufacture of devices utilized in the province of New Brunswick." Then Corporal Kelly goes on to say, "This issue remains topical for police."

You know what that means. He's saying: "Yeah, sure, Brian Steeves. Like, give me a break. Of course you're going to say that because some of the same critics in Atlantic Canada who warned their governments that they were going to end up in bed with organized crime, in partnership with them, just like critics have here, are still there, alive and well. Brian Steeves has got to say 'We investigate.'" Do you think organized crime ain't capable of layering corporations and doing all the slick stuff? Of course they are. This is a very sophisticated, big money business.

So that causes me to address section 2 in this manner, the failure there to have any plan or guideline or structure of the people to be appointed to the commission, the board of directors.

The Conservatives don't want to believe it, but we heard or we learned by reading Frisch, by reading Derovensky, by reading Harvard University Medical School's Schaffer, by reading Griffiths and, yes, by reading Gfellner, by reading a variety of other research materials in addition to theirs, that young people are particularly at risk. That causes me concern, and that in itself should cause any caring or thinking person some concern.

But it also cries out, Mr Flaherty, for there to be some sort of plan to make sure the interests of youth are specifically represented on this commission, to indicate that as a policy you're prepared to address and put on record now, in view of the fact that adolescents, as reported by Frisch, appear to have a 17% level of either pathological gambling or a high risk to grow into it, in view of that, in view of the fact that the slots are anti-youth, that they are specifically targeted — the people who make these machines aren't dummies. I'm not suggesting that they're dummies. They're very, very smart. They're very, very clever. They do their market research.

I know the government has wanted to speak about the statistical average that Gfellner reports of once or twice a week, 30 minutes a pop, 10 bucks a shot. I know they want to talk about that. I'm talking about young people and the failure of section 2, because that's all there is. Once section 2 is passed, it's finished. Forget it. There's no more readdressing it, Chair. If we don't speak to it now, it's never going to get spoken to. If we don't try to convince Mr Flaherty —

*Interjection.*

**Mr Kormos:** By God, there's Bert Johnson. I tell you once again, he's got my vote on first and second ballot. It'll be déjà vu all over again. Can't you see it? McLean 2. No, McLean plus: the new and improved. It'll be a good one. I'm looking forward to that. So I'm committing myself right here and now.

But no youth representation when youth are going to be substantial victims of an industry that's very clever, very insidious, that knows that your kids have been

apprenticing for the role of addicted gambler on their video games and on their screen machines for the last decade and a half.

It's interesting. The one Toronto-based supplier, remember they talked about joining travel with gambling? They're going to have travel themes. You know, you can pick Hawaii or you can pick Bermuda or you can pick Kenora and you can play the slots and you get some sort of feedback on some sort of travelling theme. I know what the travelling theme when they're speaking to it is all about: "We've got all your money. Now travel on and get lost. Bugger off because you're broke." That's the only travelling you're going to get out of slot machine suppliers.

But these people are on to something, and they're on to something that's incredibly addictive. No representation, Mr Flaherty, and no suggestion of even a policy to ensure that youth, which has a vital interest in this scheme of yours — they're going to be victimized.

Is that why you chuckled when I talked about gender parity, gender equity, in view of the fact that the data shows that slot machines are, oh, so democratic, if you will? They seduce women gamblers in a way that virtually no other intense gambling game can. The rate of addiction was approximately the same, 9.1% and 9.3%, for women and men; somewhat disparate from rates of addiction to other less insidious forms of gambling.

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What have we covered so far? We've covered small business. We've covered charitable, non-profit interests. We talked about the bingo industry. I believe we referred to the Nevada break-open ticket industry. We haven't talked about the coin-operated-machine owners. Remember the report — all hell broke loose. It went out on the wires this morning, a professor from Osgoode Hall Law School, Professor Young, and his analysis that this government's in deep water. They're about to violate the Criminal Code of Canada. People are going to go to jail. I'll look forward to it. We'll see how they like those boot camps when they're being booted around.

We are left here. We're being asked — and I know Mr Crozier wants to speak to us.

**The Chair:** Mr Kennedy and Mr Crozier and Mr Flaherty.

**Mr Kormos:** My apologies to all three.

**The Chair:** I just wanted you to include them all.

**Mr Kormos:** I'd like to hear from some of the Tory members too. I'd like to hear from them. I'd like to know where they stand. I'd like their communities to be able to read something concrete.

**Mr Ron Johnson:** If you'd put a sock in it, we'd have a chance.

**Mr Kormos:** I like their communities. Mr Boushy might have been preoccupied or previously committed, but I would have liked for Sarnians —

**The Chair:** You're getting off course, Mr Kormos, and Mr Boushy is not here to defend himself in any event.

**Mr Kormos:** I indicated that he wasn't at the committee. I'm not criticizing him for it by any way, shape or means, but I know the people in Sarnia would really like to know where he stands. I know Mr Boushy in Sarnia is

well regarded as somebody who upholds traditional values and he certainly wants to present himself in that manner.

I was distracted by one of the government members. I had to back up a little bit, and if I repeated myself, I apologize. I know I was in the process of indicating or acknowledging that there are other people who want to speak, and I suppose I will defer to them in short order, knowing that I again can speak to what they've spoken to and comment on their comments.

**The Chair:** You certainly can.

**Mr Kormos:** I am troubled at the comments of Larry Moodie, who is a detective with the OPP anti-rackets division. I think there are only 11 staff there. There are only 11 police officers in anti-rackets, but here's a government that says it wants to put illegal slots out of business. Horsefeathers. Larry Moodie was one of the many sources, obviously, who estimate there are about 20,000 of these grey machines throughout the province. What is Larry Moodie saying? He knows his business. He says legalizing video gambling is not going to eliminate the illegal machines. Of the whole anti-rackets squad, there are only four cops assigned to investigate illegal gambling in all of Ontario. Give me a break. That's nuts. This government is not being straight with the people of Ontario at all.

When I have the parliamentary assistant here telling me — again, I have to accept in good faith. Am I suggesting that he supported the nomination of that wacko Evelyn Dodds to the Social Assistance Review Board? Of course not. As a matter of fact, I suspect that he, in his heart, said, "Surely there's some other place where you can put her where she won't destroy people's lives, where we don't give her the tools, the mechanisms to hurt the most vulnerable." I'm not suggesting that Mr Flaherty has any personal responsibility for a person like Evelyn Dodds at the Social Assistance Review Board.

Not only do we have Larry Moodie, but the police in Alberta say that the introduction of VLTs, slots, what have you, did not eliminate the presence of grey machines, the illegals. That was the Alberta experience. It comes from the police. The police are, at the end of the day, disinterested. One way or the other, they can leave it or take it. You tell them what the law is and they'll enforce it — if they have the tools, if they have the resources, if they're not forced into lying to victims of crime about the fact that their break-and-enter is being investigated when in fact the file is sitting there, as police officers have publicly stated in Niagara region with respect to the Niagara Regional Police Services.

I don't want to appear to be hogging the time. What I'm about to address with respect to section 2 may well be dealt with by Mr Kennedy or Mr Crozier, or indeed Mr Flaherty, so indicating, sir, that I have more to say about section 2, but acknowledging that one of those three spokespersons, speakers, might well end up addressing the issues I intend to address — and then I won't have to, which will save us time — I will defer to one of those three on your speakers' list now, and I hope they address what I plan to address. That way I won't have to address it after they've spoken and we can save ourselves a whole chunk of time.



**The Chair:** Thank you, Mr Kormos. I hope you stay to hear from Mr Kennedy at this time, so you'll know what he does address.

**Mr Kennedy:** I think it is time for the people on this committee to wake up to the fact that this is the section, the enabling part of the legislation, which is the last chance for elected politicians to exercise any responsibility over this legislation. The government has chosen to give away a tremendous number of powers to an unelected body. What that body is composed of and how well it reflects the concerns that we've heard over the last three weeks has to be reflected in what we decide to do today.

There was no consultation with the police, according to the minister; there are tremendous concerns out there on the part of the people we heard from and on the part of people certainly in my constituency. In fact, you did hear from one of them, from the community police liaison committee that comes out of the city of York and covers the York South constituency. It's a group of citizens who are getting together trying to deal with the exigencies right now of a new type of crime that's happening. They have advice from the police, which I reported here, from Mr Gottschalk of the morality squad that they don't want video slot machines. Mr Gottschalk reflected the comments of Julian Fantino in London, who doesn't want to have these machines. You're foisting these new responsibilities on the police and there is no one reflected in the makeup of the committee or in the responsibility that we're letting go of; I think people out there need to know we're kicking off this responsibility.

There have been tremendous concerns raised. I heard some of them from the comments of the people opposite that reflected some concern for that, yet where are the amendments that show that? Where are the amendments to say that politicians want to have some influence over how this whole new experiment for the province goes forward? Because unless other amendments are agreed to than the ones that are on the table right now, we're going to give this commission powers to do everything. At this point, at this juncture in the legislation is where we can start to look after the public interest. People are going to want to know, when the VLTs are out there in their neighbourhoods, whether the members of this committee stood up for their interests.

**Mr Ron Johnson:** On a point of order, Mr Chair: Just to clarify the record, Mr Kennedy has been alluding that somehow none of the amendments put forward has been agreed to. In fact, that's not the case; none of them has even been voted on yet.

**The Chair:** That's not a point of order, Mr Johnson.  
1430

**Mr Kennedy:** Because I know Mr Johnson is paying close attention to these hearings, I would like to make sure that my point is as understood as the other things that he's been carefully listening to. We have a chance in these various amendments and with this particular section 2, the definitions contained in it. The amendments that have been proposed, which have not been passed yet, from the government side do not reflect the kinds of things we've heard out there in the community, and particularly they do not reflect the substantive imbalance of this bill, which we've been told from sources as

diverse as York University law professors — we've heard, although they weren't able to get on the hearing agenda, from police forces their substantial concern about where this legislation is going and that the government hasn't done its homework. We heard earlier that the government, for cosmetic reasons, is calling this an alcohol gaming commission. They could call it an ethanol gaming commission, because that's what they should have called it in French to match, instead of liquor.

It's time for some straighter talk from all members of that side. What we're looking for is the composition of this committee. This is the chance where, if you're going to kick away your responsibility as elected representatives, when we get through the latter parts of this bill we'll see just how much responsibility you're saying you don't want, you can't exercise on the part of the committee. The minister will be given tremendous power to define where this commission is headed.

Instead, I think what we really have to do is address not only what we've heard, but our own sensibilities. If people are going to have some trust in this creation of yours — this is going to be a Harris government creation — 20,000 slot machines, hard gambling in people's neighbourhoods, if you want to address the responsibility, then attend to that. Your government, your caucus, the Premier's office — somebody has made the decision that they need this money, but there's still a public interest to be defended here, and that public interest has to be reflected in this legislation and should be reflected in the composition of the commission under subsection (2).

What I would like to propose is an amendment that would reflect some of that public interest. It's very important that if we're listening to people like the Ontario Public Health Association and some of the others, we indeed look at the public interest in terms of how the protection is built into legislation. So I would like to propose —

**The Chair:** Excuse me, Mr Kennedy. I believe the proper procedure is to write out your amendment and permit the legislative counsel to vet it and return it to you.

**Mr Kennedy:** All right. I have it here.

**The Chair:** Okay, if you could do that, let him see it, because we don't have it in front of us. Perhaps Mr Crozier could take over from you and you could come back to it, at least once counsel has taken a look at it.

**Mr Bert Johnson:** — running for leader.

**Mr Crozier:** Well, there are a lot of others who wish that too. You know, I'd like to be leader of the party, Mr Johnson, because if it were to come to legislation like this, then I guess, like the Premier's office has done, I'd be able to be dictatorial; I'd be able to come up to the budget time and have said for a year or more before how much I didn't need the money, how much we didn't need gambling revenue, how we had a spending problem rather than a revenue problem; tell the people of Ontario that, then simply flip-flop — it seems to me I heard the term "flip-flop" a year or so ago — and I'd be able to look back on the record of this Premier as having flip-flopped on this issue. But as leader of my party, then I would be able to bring into the discussion whether we should have VLTs.



I suppose if I were an honest person, a forthright person, I would have put it up front and said, if I were leader, that I would want to have VLTs. Yes, if I were leader I'd be able to look back and take a lesson from that. But Mr Harris chose to simply not tell us a year ago that he was in favour or to tell us what he did and really be forthright with us or, as I suspect happened this spring, have some of those inner circle guys come along and say: "Mr Premier, you've got to have this money. You've made some promises. You've made this big tax cut promise and you're going to go out and borrow \$20 billion or so. You're going to have to change your mind on these things. We need money."

Anyway, I'm not running for leader, but thanks very much for your endorsement, Mr Johnson. I appreciate that.

I would like to express my concern under section 2 and then perhaps the parliamentary assistant can help me. Under subsection (6) it says, "The Lieutenant Governor in Council shall designate one of the members as chair of the board and may designate one or more members a vice-chairs." Then it briefly outlines the duty and goes on, in subsection (8), to say, "If the chair is absent or otherwise unavailable to act or if the office of chair is vacant, a vice-chair shall act as and have all the powers of the chair."

My concern is, what if in this commission that's going to be constituted — and it may be a minimum of five; it may be 125 for all we know — the vice-chair or vice-chairs the Lieutenant Governor in Council has seen fit to appoint aren't there? Does the commission become inoperational then? There's no provision here that if the chair and the vice-chairs aren't available, any kind of an interim vice-chair could be appointed to preside over a meeting. Can someone help me? What happens if those appointed positions are not present? Can they simply not hold a meeting then?

**Mr Flaherty:** Are you asking me that question?

**Mr Crozier:** I'm asking whoever might help me. If you might help me, Mr Flaherty, I'd appreciate it.

**Mr Flaherty:** On that specific point: The situation that I gather you're envisaging is that there is a board and there is a chair but the chair is incapacitated in some way and can't be at a meeting. The answer, I suppose, is that he appoints a vice-chair.

**Mr Crozier:** It says here, "If the chair is absent or otherwise unavailable to act or if the office of the chair is vacant, a vice-chair shall act as and have all the powers of the chair." If the vice-chair that the Lieutenant Governor in Council — I don't know, maybe it's simply that that person can't make it to the meeting. I'm thinking back to when we were on town council, where it didn't matter whether the mayor was there, the reeve was there, who was there; council, at its meeting, could designate a chair. I just wondered why that kind of option isn't in this legislation.

**The Chair:** Excuse me, Mr Crozier. Subsection (6) permits one or more vice-chairs.

**Mr Crozier:** Yes, for the Lieutenant Governor in Council to appoint, but let's for argument say he only appoints one and the chair and the vice-chair aren't available. Does the board become kind of dormant until —

**Ms Kirk:** Perhaps I can respond to that. You'll note, Mr Crozier, as you quite properly pointed out, that in subsection (6) it is mandatory that a chair be appointed by the Lieutenant Governor in Council. Provision for appointment of a vice-chair is permissive for the Lieutenant Governor in Council. I think the expectation would be that the Lieutenant Governor in Council will indeed appoint a vice-chair, but in the event that didn't happen and the committee found itself with its chair unavailable, the committee would have authority under Robert's Rules of Order and under normal procedural principles to appoint somebody to preside over the meeting.

**Mr Crozier:** I referred to my experience on council. It would be similar to that?

**Ms Kirk:** Exactly, very much.

**Mr Crozier:** I appreciate that. I feel much more relieved now that they would be able to continue.

**The Chair:** Have we the amendment in proper form?

**Clerk of the Committee:** It's being copied.

**The Chair:** We'll go to Mr Flaherty and we'll come back to Mr Kennedy and Mr Kormos.

**Mr Flaherty:** If I may just elaborate on my previous response to Mr Kormos, since Mr Kormos has raised a number of points in the course of his observations here this afternoon with respect to the legislation before us, Bill 75, and the appointment of the board, I think that Mr Kormos can take some comfort in the fact that his government, in Bill 8, the casino bill, outlined the formation of the board in the same way; that is, that the members shall be appointed for a term by the Lieutenant Governor and that there will be not fewer than five appointed by the Lieutenant Governor in Council. So the same principle is followed in this legislation as was followed in the legislation of Mr Kormos's government.

1440

With respect to the approval of appointments, I believe Mr Kormos may be a member of the standing committee on government agencies, but he's familiar with standing order 106 which deals with the review of appointments by that standing committee of this Legislature. I can assure Mr Kormos that the government is committed to a balanced board and I think he would expect and could assume reasonably that the government makes every effort to represent the communities of Ontario on the boards, with the result that we would have balanced boards. As he knows, our government has made a number of appointments. I know he's unappreciative of the appointment of Ms Dodds, but I'm sure he's appreciative of the appointment of Bob Rae to the constitutional panel. Are you?

I think that addresses the concerns Mr Kormos has about the composition of the board of the Alcohol and Gaming Commission.

**The Chair:** Mr Kennedy, we're waiting for the copies?

**Mr Kennedy:** We're waiting for the copy for everyone to have.

**The Chair:** Did you wish to proceed?

**Mr Kennedy:** I think I can proceed to elaborate a little bit.

**The Chair:** Okay. Please do.

**Mr Kennedy:** What I'm asking in the amendment that you'll have before you very shortly is a very simple



thing. In fact, it's not put forward with anything but the spirit of what I think we heard in terms of presentations, but not even asking you to concede the points which many members opposite found hard to accept from some of the people who came forward. It simply says, very minimally, look, we don't know exactly what the consequences of this will be. There are strong indications — and I guess there are divisions between what we believe those indications are and what the side opposite is prepared to admit. But notwithstanding that difference, if this government would wish to show good faith in terms of its protection of the public interest, then it would put at least a representative on the board who would have expertise in terms of public health or in terms of charitable organizations, because those are the two sectors that are at least potentially at risk.

I have to state my own opinion, hardened over the time of the depositions we've heard and the research that we've done, that there are indeed risks to public health and to the wellbeing of charitable organizations in this province from the nature of this bill, the way it's been drafted and the intent of how it's been brought forward. But I think it's within the purview of this committee to alleviate some of those concerns by ensuring that the composition of the commission includes that interest, because there is nothing in the appointments process that will permit that interest to get represented. It's not a basis, unless we make it so, for rejecting or for selecting the people who would sit on this commission.

This is a new definition that we're putting forward to the public. This Alcohol and Gaming Commission is really something different. If you on the government side wish for it to be received as an effort made in good faith, then this is the type of provision that would lend itself to the public receiving it in good faith.

I don't know if we have the written motion yet, but I'll be putting forward a motion to that effect and looking for your support. As I say, it's been termed in fairly minimalist types of provisions. We're asking for one member, one of five. The rest can be Ms Dodds or her cousins; it doesn't matter. I think that the point here is there needs to be some sense of both that we've responded and we've listened to the people we've heard and the concerns that they've had and also that there is some ongoing mechanism which — again, once this legislation and particularly these clauses have been passed — won't be able to be enabled by this committee. I think not to at least address the composition of the committee in some tangible way really undermines what we've heard in the past three weeks, because this is clearly where the responsibility is going.

I'm hopeful that there'll be other amendments that may find the confidence of this committee that would limit some of that risk, but this is the only juncture at which we can deal with it in terms of making sure that some of the community concerns are reflected. I think that there is no other means by which you can show, and I mean this to all members of the committee, that we've been listening and we have those kinds of concerns at heart.

Mr Chair, I don't know what you would like to do in the interim, but —

**The Chair:** I believe we have to have those copies so at least we can read them. Perhaps we can go to another speaker and come back to you at the time the copies are ready. Mr Kormos, you were next on the list, if you wish to speak.

**Mr Kormos:** With respect to the motion, I wonder if Mr Kennedy could read his motion to us again. I'll make notes this time.

**The Chair:** It's just being copied, Mr Kormos. I would prefer that each member of the committee had it before them so they could give it due deliberation. I think that's important.

**Mr Kormos:** Okay. But just for your guidance, please, is that motion on the floor now that Mr Kennedy moved?

**The Chair:** No. He's never made it because it —

**Mr Kennedy:** It hasn't been made because it was being worded to the concurrence of the legal advice from the legislative counsel.

**The Chair:** We don't have the exact wording and we need the exact wording. We can't approve a motion in principle, I do not believe.

**Mr Crozier:** Mr Chair, I could save some time here because there was something I wanted to put on the record. It won't be contentious or anything. I'm not even going to make it a friendly amendment, although it is in the same context. When Mr Kormos was discussing various groups that should be represented on this commission, I thought back to when the Ontario clean and sober foundation came before us, several young people. I just put this on the record so it might be advice for the Premier's office that when it comes to these appointments, there maybe should be someone of the calibre of the young people who came to us from the clean and sober foundation. I was very much impressed by their presentation and it falls in line with what's being spoken about here.

I might be able to help clarify, because I specifically took notes with regard to a subject that Mr Kormos brought up, and that was the fact that early on, in fact he said in the first day — we discussed whether the Solicitor General's office and the Consumer and Commercial Relations ministry had any discussion with regard to illegal gambling in Ontario, and the words I copied at that time were that no work was being undertaken between the Solicitor General's office and CCR.

I found that a bit surprising, in fact almost shocking, at the time and I made a note of it. I didn't just want to make a mental note; I wanted to make a written note of it. I couldn't believe that Consumer and Commercial Relations would go ahead with a bill as encompassing and as volatile as this and apparently not have the slightest idea what the Solicitor General felt about it, how they felt.

We can recall the day that Minister Palladini was going to increase the speed limit on the highways and it sure didn't take the Solicitor General long to straighten him up. If you recall, it was the next day in the Legislature that he backed away from that. I almost would have thought the Solicitor General would have stepped in on something like this, and I thought I'd clear that up, because we both made note of that.

**The Chair:** All members should have received Mr Kennedy's motion. Perhaps you'd better read it specifically into the record, if you would, Mr Kennedy.

**Mr Kennedy:** This is the motion, the goodwill amendment, I think, that would start to shape this bill in the public interest, if there is a way to do that. Certainly I believe it represents a small gesture on the part of this committee towards the submissions and the anxiety that we heard expressed by the community.

I move that subsection 2(2) of the schedule to the bill be struck out and the following substituted:

"Board of directors

"(2) The commission shall have a board of directors consisting of the members appointed under subsection (3), one of whom shall have expertise in the field of public health or charitable organizations."

**The Chair:** The motion has been made. We shall now have discussion in regard to the motion.

**Mr Kormos:** I want to move an amendment to that motion. The amendment that I move, and I have it written out here, is that the motion is amended by adding: "And another who shall have experience in law enforcement, and another who shall have a relationship with the small business community, and another who shall be under the age of 25."

I'm tabling that with you now and I know Mr Kennedy doesn't accept that as a friendly amendment because it contradicts the spirit, and I appreciate that and it's no offence meant to him, but I do move that amendment and trust it will be debated and moved on in due course, and then we'll deal with the motion of Mr Kennedy, either as amended or not amended. No disrespect to you, Mr Kennedy.

**Mr Kennedy:** None taken.

**The Chair:** Mr Kormos has made — excuse me, is my understanding correct that this is not an amendment you would agree to, Mr Kennedy?

**Mr Kennedy:** No, I wouldn't consider it a friendly amendment.

**The Chair:** Fine. I just wanted to clarify that. The motion has been read — did you read this exact motion into the record, Mr Kormos?

**Mr Kormos:** I've underlined the amendment. I've prepared a draft there, Chair. As you can see, I've underlined, as is the norm, the amending portion of it.

**The Chair:** Well, again, perhaps we could have — no reflection on your legal skills in drafting the amendment but we'll have legislative counsel vet it for us, Mr Kormos.

**Mr Kormos:** Thank you, Chair, I'd appreciate that.

**The Chair:** There'll have to be copies made. Perhaps we can recess for five minutes. Would that be suitable?

**Mr Kormos:** Thank you, Chair.

*The committee recessed from 1452 to 1502.*

**The Chair:** If we may proceed, Mr Kormos, everyone has a copy, but I would ask you to formally read your amendment of Mr Kennedy's proposed amendment into the record. I appreciate it.

**Mr Kormos:** That Mr Kennedy's motion is amended by adding "one of whom shall have expertise in law enforcement," — and that's an exegetical comma — "who shall have a relationship with the small business

community, and shall be under the age of 25." That's reflecting three additional people in addition to the person that —

**Mr Ron Johnson:** "Under the age of 25." You don't want to put a bottom number in there?

*Interjections.*

**Mr Kormos:** "One of whom." These all stand alone.

**The Chair:** Are there any questions, comments or amendments to Mr Kormos's amendment?

**Mr Kormos:** Again, I appreciate what Mr Kennedy did, and I thank him for his motion, but with respect, his amendment simply isn't comprehensive enough. I know that the Tory convention begins tomorrow, but I'm not sure that any of these Tories are good enough Tories to want to go to their federal convention. They'll be at the federal Reform convention. It's not as if they're missing out on Winnipeg, because we know that basically they're Reformers, not Tories. Heck, I couldn't imagine not participating in all levels of my party's activities.

**Mr Ron Johnson:** Will you speak to the motion?

**Mr Kormos:** Certainly I belong to one political party. We've got people across the way here who belong to at least two, and Lord knows how many secret societies, because if they weren't secret, we would know.

**Mr Guzzo:** Like the law society. You remember when you belonged to the law society. They're nice guys.

**Mr Kormos:** I think it's important to add these characters, these roles, to this list of people who should be on this board, because it's important that there be a broad representation, that there be a minimal representation of groups that have a particular interest. Again, I keep being drawn back to subsection 3(3) of this part, and that is the requirement for the powers and duties to be exercised "in the public interest and in accordance with the principles of honesty and integrity, and social responsibility."

It's grossly unfair to a board that's being proposed to call on it to represent the public interest without equipping it with a broad enough cross-section of the public so that it can do that. I suppose one of the difficulties — and I'll concede this — about my amendment to Mr Kennedy's amendment is, is it exhaustive? Of course not. One could think of half a dozen — and I'm not going to move another amendment to that effect — other areas of the public that ought to be directly represented on the commission's board.

It does highlight some of the areas of greatest concern. There's an inescapable field of view or school of thought that once you get involved in this business you're dealing with organized crime. We had the opportunity to speak to authorities in three other gaming jurisdictions, one being Atlantic Canada, another being Quebec and the third being Alberta. I'm not suggesting that any of those people would knowingly or willingly invite organized crime into their province. At the same time, one knows undeniably that organized crime is attracted to slot machines like flies to a cowflop. There are just no two ways about it. I think that the presence of somebody with law enforcement background — again, as you know, I've been particularly impressed by the report prepared in Fredericton —

**Mr Bert Johnson:** Sergeant Kelly.



**Mr Kormos:** Corporal — for the Cities of New Brunswick Association for its 1993 annual meeting in Saint John, New Brunswick, October 16, 1993, by Corporal Tim Kelly of the criminal intelligence unit of the Fredericton Police Force. We're not talking about someone who just has passing or casual familiarity with it. This Corporal Kelly was 10 years in major crime investigation and he's a part of the criminal intelligence unit.

I have some familiarity with these units, and they, as I understand it, deal provincially, nationally and internationally. I know some other members of the committee will be familiar with that. It's quite tedious work, in so far as I've been advised, because it deals with a lot of simple information trading or transferring and storing, but in the course of doing that they can put puzzles together and create bigger pictures that wouldn't be available had they not worked together.

Here is Corporal Kelly, clearly acknowledged for his expertise by the Cities of New Brunswick Association, giving us some pretty strong evidence, pretty strong commentary — not based on speculation but based on hard police work and confirmed reports.

1510

I have enough concern about organized crime making any more headway into this community — our society, our province, the community of our province — that I want to make sure — and had Mr Flaherty been able to tell us that there was even the slightest guideline that would have guided the Lieutenant Governor in Council, the cabinet, to indicate to them that there should be representation of these various facets of the public, I wouldn't have felt compelled to amend Mr Kennedy's amendment. Indeed, I may not even have supported Mr Kennedy's amendment, because I would have thought Mr Kennedy would be being duplicitous and simply engaged in wasting everybody's time here —

**The Chair:** Never.

**Mr Kormos:** — in trying to prolong what could be, perhaps should be, a relatively speedy process. But I don't think his amendment goes far enough.

Again, Mr Flaherty could have resolved this. I feel badly about the committee's time being expended in this way. Mr Flaherty could have addressed this some time ago today and alleviated any need whatsoever for these amendments to be brought or for these concerns to be developed, to be built on, to be argued, if you will.

We're still stuck with the proposition that this could conceivably be a five-person board. If Mr Flaherty had only been able to tell us — but he doesn't know. He just shrugged, "I don't know." If only he'd been able to tell us that there was some sort of design or model contemplated for there being a cross-section so that the board would be armed, tooled, capacitated to comply with subsection 3(3), with the rigid requirements there, we'd be moving ahead. He had an hour and a half at lunch time to determine, and I'm confident he did.

I saw Rob Sampson as parliamentary assistant do one crackerjack job in greasing up auto insurance and sliding it through the Legislature and the reward that he got. I'm confident that Mr Flaherty, notwithstanding that he's getting the mushroom treatment from his own ministry, will at the end of the day receive a reward, be rewarded

for bringing slots into Ontario. But where angels fear to tread, he comes here again handicapped with an absolute lack of planning, because we're still left with the prospect that this board could consist of only five members. It's all that the bill is prepared to do for us.

Again, I prevail upon the government members to support my amendment to Mr Kennedy's amendment. I don't know whether anybody will move amendments to my amendment to Mr Kennedy's amendment. I suppose it could happen, but I wouldn't see any need for that to happen because, as I say, I've tried to, rather than be exhaustive, merely illustrate some sort — please, just one of whom shall have expertise in law enforcement.

Look at the next one, and look at how encompassing the second — these will be requisite positions of the minimum of five, one of whom "shall have a relationship with the small business community." That is so encompassing because it addresses not only those little people who are buying into the argument that this is, as I say, the panacea for all that ails them financially and economically, but it also embraces the little people who are going to be displaced, who are going to be put out of business.

The problem is, Mr Flaherty, that the government produced diddly-squat in terms of any concrete research about the impact of slots — not a single damn study about the economic impact on affected businesses as a result of cannibalization. Nothing. Not a single study that was realistic.

Part of the marketing of this is the employment, and you saw and heard what Ivan Sack had to say, didn't you, Mr Flaherty? I suggest to you that Ivan Sack is a somewhat detached, although skilled, commentator on this issue — it's not as if he's a foe of casino gambling or gaming in general — and he provided a very objective and evenhanded overview of his perspective on Bill 75. Ivan Sack of Canadian Casino News said in response to these claims of all the jobs the slots are going to create, "Horsefeathers" — pure, unadulterated horsefeathers. He said it just ain't going to happen that way.

Chair, I know you listened carefully when Mr Sack gave his presentation and I know you read his submission after it was filed. You saw what Ivan Sack had to say, that most of the operators that are vying for these slots now already have cashiers, be it the racetrack — they've got the windows, people making cash, dispensing cash — or bars and taverns — again bartenders. Although Mr Sack didn't comment on it directly, I do believe we've heard more than enough to conclude that one of the nice things about these slots is that they're not labour-intensive, they don't create employment. It doesn't take anybody to run them. They're automated — ka-ching, ka-ching — once every one and a half seconds you slide the loonie in. Nobody has to be there. You don't even need a changemaker because you've got change machines that'll take your five dollar bills, it'll take your 20 dollar bills. I've got an amendment coming up later, quite frankly, Chair — you'll notice it's been filed — that would forbid credit-card-operated machines and also forbid the presence of an ATM or bank machine in any location where slots are out there victimizing people.



But they don't create jobs. As Ivan Sack pointed out, the two locations that are vying most aggressively for them, bars and taverns and racetracks, already have cashiers and/or they have change-making machines. Of course the whole idea of it is you get credits, right? Remember the spin the government gang was trying to put on the fact that you merely get credits, as if to somehow suggest that was an element of protection there for the player? Are you kidding? Bullfeathers again. That's designed to make you simply run off your credits. I'll speak to that a little bit later and make reference to some of the commentary that's been done on that phenomenon when I talk about the amendment — and I do hope we get to it, sir — that I've tabled.

Ivan Sack said the jobs that are going to be created are going to be in servicing the machines and the delivery, the repair and so on. Fair enough; I can't dispute that. What's Quebec's experience? What is it? You know darned well what it is: 14,700 machines and how many jobs? Three hundred jobs. For the whole province of Quebec, 300 jobs. Mike Harris promised us 725,000 jobs, and what do we get? Twenty thousand crummy slot machines.

I'm telling you, folks, I'm worried about the prospect of organized crime coming into this province. Mike Harris has already mugged us. It's true. No jobs.

We've got the cannibalizing effect and that's why this amendment to Mr Kennedy's in itself worthwhile amendment seeks to have at least one member of this board that constitutes the commission to have a relationship with the small business community, as I say, because we have several facets of the small business community impacted, affected. One is the industries that are going to be cannibalized, and not a single study, Mr Flaherty, not one, about the impact of slots on what are highly labour-intensive casino operators — BJ games etc. You heard from a number of them — highly labour-intensive.

1520

It's no secret why the mob and this government are in this joint venture to create a slot machine regime, and that is because it's a lot of hard, cold cash, highly addictive and requires very little labour to maintain it. They're not advocating letting bars and taverns put blackjack tables in their operations, and bars and taverns haven't cried out for them, because blackjack tables are labour-intensive. A dealer has to be there every minute that the game is being played and the intensity of the work is such that the shifts —

**The Chair:** You're getting off topic.

**Mr Kormos:** No, I'm talking about the small business community and I'm talking about the interests of the small business community. Please, sir. I'm illustrating as best I can why this amendment ought to be supported by each and every one of the members of this committee. I understand the Chair's interest and need to keep speakers in line and on topic, but the Chair also — with certainly no disrespect to you, sir — has to be careful to not restrict the debate so much for it to lose its context, because while I'm talking about my amendment to Mr Kennedy's amendment, which is a motion amending section 2 of the government's motion, because they've moved section 2, we all have to talk about it in the

context of the total bill, Bill 75, and what Bill 75 means. It means slot machines, 20,000 slot machines.

I forgot where I was. Let me back up a little bit. I'm sorry, Chair. You distracted me for just a minute.

We're talking small business people, and you can't avoid talking about them, because they're going to be impacted. We were talking about why it was that it wasn't blackjack tables that were being proposed for bars and taverns as a way for them to get that economic shot in the arm. After all, they say it's just about entertainment. Why isn't it poker tables? Why isn't it roulette wheels? Why, in each and every case, is because each and every one of those gaming activities is labour-intensive because they can't be left unattended and because you're not going to grab a buck a pop every second and a half at those games. There are some time frames within which you play it.

So you see, this isn't about entertainment nor is it about jobs, it's about scooping as much money as quickly as you can out of as many people as you can and inevitably out of the people's pockets who can least afford to pay it, and who deserve far better from you, Mr Flaherty, and from your government, led by Mike Harris, few of whom will be found at the Tory convention this weekend because most of them aren't federal Tories, they're federal Reformers.

We've got concern about the cannibalization of slot machines, of this industry, and don't forget, although Bill 75 is all about 20,000 slots, the Alcohol and Gaming Commission is about all gaming in the province. This is where it's important, imperative, that you have the inclusion of a small business representation, because small business people who are labour-intensive, who are going to be cannibalized, have to be protected against the natural tendency for this commission to have a bent or a bias towards the big cash generator, which is slots, which is the low labour-intensive activity. There's going to be a natural tendency, see, because you're going to pick the people — the Lieutenant Governor in Council. Oh yes, like Hal Jackman sits down and goes through the list. He might refer the names of — no, I'm not sure he'd refer any of his family's names because some of them would probably be damn good members of this commission, and I'd refer them myself.

But the fact is that the appointments to this — and I've witnessed the appointments to district health councils, for instance, by this government. This government has no interest in having district health councils provide unbiased advice that's representative of the community. This government has displaced a whole bunch of good district health council members and replaced them with party hacks who are prepared to follow the party line coming down from Jim Wilson, Mike Harris, Tom Long et al here at Queen's Park. There's going to be a tendency for this commission to show favouritism towards the government's slot regime. The government's slot regime is going to have the capacity and the tendency to consume everything that falls in its pathway. Do you get that, Mr Flaherty?

Please, the small operators are out, they're gone, they're finished. "Cannibalization" is a reasonably good word, because your slot regime is going to chew them up



and spit them out. Your legislation doesn't care about what happens to workers in the bingo business. Again, are there conceivably problems in the bingo business? Yes, there may well be. Address them; don't put those people out on the street, because with the prospect of creating no more than 300 jobs in the whole province by virtue of some 20,000 slots, you haven't got a whole lot to offer and you certainly haven't delivered or even come close to delivering on what you promised; 725,000 jobs, my foot.

You're consuming small business here. You're chewing them up and spitting them out. You're placing them under siege, under attack. You might as well just tell them to load up the truck now, take their assets, which will become worthless the minute this bill receives third reading, and haul them off to the dump. The problem is, in the absence of transfer fees from this government to municipalities, dumps are charging user fees, not inappropriately. Lend them the money to pay the user fee at the dump to unload that into the bin.

We haven't received a single study, not a page of reflection or analysis from you or your government on the impact of your proposal for 20,000 slots, on the impact of your deal with the mob, on small business operators in this province. The women and men in the bingo business and their employees, the women and men in the amusement device business, you heard from them in Ottawa.

I'm grateful to you, Chair. These are small business people. That's why I want them to be represented on this board. That's why I've amended Mr Kennedy's amendment, which amends Mr Flaherty's motion, because small business people are going to get the shaft; they're going to get screwed left and right. They're going to be replaced by machines. John Filo, when we were up in Sudbury yesterday, in commenting on the lack of labour involvement, on the fact that this is a non-productive economic activity, talked about the banks' experience with ATMs. Look what's happened in the banking industry: billions and billions of dollars in new profit, tellers and other bank workers being laid off in droves and those who are working still being underpaid and not in any way, shape or form getting their share of the pie.

You heard in Ottawa from Mr Whithead — was that his name, sir? — the vending operator, the coin-operators' association. These are people who provide the machines that are in arcades. Again, am I overly gung-ho about the potential that business has? We were down in Fort Erie, talking to the management of the public civic square, which couldn't have been built today. The last government saw fit to invest in the people of Fort Erie and in its future and share some of the burden of building the two arenas: the city hall, the civic centre. The last government saw fit to invest in the people of Fort Erie. The arcade upstairs in that arena, with a dozen machines in it, nets for the town of Fort Erie \$1,000 a week. That's what it nets, and that's out of quarter-operated arcade machines, pinball-type things and I suppose some Pac-Man and video games going on.

There are things to be said about that, because that's exactly the phenomenon that makes electronic slots, your slots, all that much more dangerous, especially to young

people. But you haven't provided any study, any analysis, even any reflection on the impact of these slots on the operators, the suppliers, the distributors of those machines and the value of their machines once you're in the business, because that's what you're doing: You're going into a joint venture with the mob to put 20,000 slots in every neighbourhood in this province, on every corner of every neighbourhood.

1530

**Mr Flaherty:** On a point of order, Mr Chair: If I may, I'm willing to suffer the personal accusations by Mr Kormos that I'm a minion and that I'm a lapdog, but to say that the government is in union with the mob or acting in conjunction with the mob I think is unparliamentary, and I'd ask you to instruct him to withdraw.

**The Chair:** I have asked Mr Kormos in the past to withdraw the partnership. He did say they may be purchasing machines that are produced by companies controlled by the mob, and that's speculation; I wouldn't have the slightest idea. But here he is talking about a partnership directly between members of this government and the mob, whoever they might be, and that is unparliamentary, Mr Kormos. Not only that; you know it's unparliamentary, and yet you're doing it.

**Mr Kormos:** J. Edgar Hoover denied their existence for a lifetime career.

**The Chair:** Mr Kormos, I ask you to withdraw it. I've asked you in the past. You insist on cheating. I do not understand why a person of your intelligence has to depend upon pushing the envelope and cheating. You don't have to do that to win.

**Mr Kormos:** Chair, stop being partisan for a minute. Don't tell me about pushing the envelope. Your government is putting 20,000, trying to get the slot machines out there in every community in this province.

**The Chair:** I've asked you to withdraw a number of times, and you have refused to.

**Mr Kormos:** If you'd read the material, you'd learn what police officers have been trying to tell you and others for a long time: that the people in the field who supply the machines are organized crime.

**The Chair:** I'm taking it you will not withdraw. Will you withdraw that comment, Mr Kormos?

**Mr Kormos:** When are you going to learn that that's the case, that's the reality?

**The Chair:** Are you going to withdraw that?

**Mr Kormos:** Who else are you going to buy them from? Those are the people who build them.

**The Chair:** I've asked you to withdraw it, Mr Kormos.

**Mr Kormos:** I respond to you the same way I have in the past.

**The Chair:** Yes? You persist in that behaviour. Continue.

**Mr Kormos:** It's the reality. That's what the reports, the studies say. We can't wish it away. No matter how much you want to, you can't wish it away. It would be such an attractive proposition if somehow you could make this sordid business so pristine all of a sudden, so clean, so admirable, so laudable. All the spin-doctoring in the world doesn't change the reality of it. Please, don't shoot the messenger. I'm telling you what police officers have told you and what law enforcement people have



been trying to tell you for a damn long time. I'm telling you what researchers have said. You've heard the research referred to, the Vancouver Canadian policy alternatives that Mr Crozier has read into the record. I've referred to that paper myself. You've read this stuff. Do I wish it weren't true? Of course I wish it weren't true. But damn it, it's there. You can't escape it. You can't wish it away.

**Interjection:** Protect the grey machines. The grey machines are owned by the church groups, Peter, and you're on the side of God.

**Mr Kormos:** You guys want to get into the business so bad that you're prepared to forge ahead without any precautions. You haven't done a single damn study. You don't care about the small business people who appeared before this committee. You don't care about the bingo operators. You don't care about the vending and pinball operators. You don't care about them. You don't care about the break-open ticket industry.

Look, am I enthusiastic about all these things? Of course not. I've told you that time and time again. One of the problems with Bill 75 is that our experience shows us that you can't turn back the clock; you can't reverse the order of things. Once you establish this new status quo, it only grows and builds from there.

Do I have concerns about the proliferation and attractiveness of even, yes, bingo gaming and the impact it has? You bet your boots I do, but that's part of the problem. It was allowed to reach the level it is now and it's almost impossible, if not impossible, to turn back. You people want to fuel what has become a growing, non-productive part of our society, a parasitic part of our society, the merits of which I tell you — to argue so-called entertainment, as if it were sort of Ginger Rogers and Fred Astaire on screen — are less than any other form before, and small business is going to get impacted.

You've heard from small-town tavern owners, Ridgetown, others, enthusiastic about these machines, not being told, as this government should be in a position to tell them if they had done studies and if they'd been honest about this proposition in the first place, that small towns can't sustain this type of gambling or gaming economy, that every buck spent in a slot ain't being spent in the shoe store, in the bookstore, in the grocery store, at the department store, what have you, that every buck being pumped into a slot ain't being spent at the local barber or butcher or candlestick maker. It's gone, and those are the bucks being pumped into the slots. You people don't like it when people on the opposition caucus have presented hard data: the profiles of slot players from Atlantic through to western Canada, the fact that they're lower-income people, the fact that there are higher numbers of unemployed.

You took great pleasure in identifying that among break-open ticket players. What did you think? That's what it's all about. It's called being nibbled to death by ducks. You take them a quarter and a buck at a time. People don't like to part with \$50 bills, but the psychology of parting with a loonie at a time is far different, and that's what this industry is all about. It trivializes the expenditure.

Small business people are the victims in every way, shape or form. The existing small businesses that are involved in gaming in any number of shapes and forms or in machine entertainment, be it pinballs, what have you, small businesses in communities that are going to have their hearts ripped out of them by the presence of these slots in their downtown bars and taverns where people who have less disposable income than ever before, and most of them for their lives, in view of what's happened over the course of the last couple of decades, less expendable money than ever before, now are going to be prevailed upon to spend that, to hand it over to you. This activity is as productive as a mugging in terms of economic productivity. It simply takes money away from people who can least afford to part with it.

**Mr Ron Johnson:** Point of order, Mr Chair.

**The Chair:** Excuse me, Mr Kormos. Mr Johnson.

**Mr Ron Johnson:** I really don't have any problem listening to Mr Kormos babble —

**The Chair:** What's your point of order, Mr Johnson?

**Mr Ron Johnson:** I'm getting there, Mr Chair. I have no problem listening to him babble for hours on end, but I wish he would stick to —

**The Chair:** What's your point of order?

**Mr Ron Johnson:** My point of order is that we need to speak to the amendments to the motion. I haven't heard a word of this amendment or anything to that amendment in about 15 minutes. I simply ask that you keep Mr Kormos on topic.

**The Chair:** That is not a proper point of order. Mr Kormos, please proceed.

**Mr Kormos:** I am talking about small business people and why it's essential to have a representative from that community on this board.

I think that they're going to be screwed. I appreciate the opportunity to indicate to you that I understand small business. I grew up in a small business culture. My grandparents were small business people when they were immigrants here from eastern Europe because they didn't let people like them work in factories unless they paid the foreman or let him sleep with their wife or daughter. That's how it worked. That's how it worked for people like my grandparents and where they came from, the part of Europe, the part of the world they came from, and for a whole lot of other people too. So you became small business people, and they were. My own parents are small business people, all of my life, and I worked in that family business from when I was old enough to carry a hammer or a wrench, and I've been a small business person in my own right. Again, I don't envy those people who, because of their circumstances, have to rely upon a small business venture as a lifelong means of earning an income. It's tough.

1540

I'm talking about small business, what most small business is in this province. Again, it's not 20 or 30 non-union employees. It's mom-and-pop operations; it's mom-and-poppers. That's what my family, my parents, had. That's the type of small business that I grew up in and worked in as a kid. You don't do it for money; you do it because you've got no choice when you're a kid, but you do it because that's how the business survives. Nobody



gets paycheques. That's the way my grandparents did it, and did it with their children. So please, I understand small business. Grandparents, people who couldn't read or write even their own language, never mind English, but who at the end of the day kept food on the table for six children and helped raise a whole lot of grandchildren. But I digress.

**The Chair:** I compliment your father, but that has nothing to do with the matter before us, Mr Kormos.

**Mr Kormos:** I want to put this in context. I want to indicate that when I talk about small business —

**The Chair:** Just try to direct your mind, if possible, towards what we're discussing today.

**Mr Kormos:** I want to talk about small business people in as realistic a form as possible. I don't want to give the impression that when I talk small business people, I'm talking the way some of the people in this government talk about them, small businesses, again, 20 non-union employees you can push around, shove around at will because they're too afraid to report — not that there are going to be any employment standards for them to report to in short order. Mr Crozier knows that.

So the small business is going to fall victim to this government's ploy, its partnership, its deal with the devil, its operation of these vulgar little thieves — not VLTs, vulgar little thieves.

Then move on to the third portion of my amendment to Mr Kennedy's amendment, which of course amends Mr Flaherty's motion to pass section 2 of schedule 1 of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming. The bill is titled as to lend itself to filibuster. I don't know; merely reading the title of that bill can prolong a debate.

The final part of my amendment, which I urge members to consider, and I certainly urge Mr Flaherty — Mr Flaherty can, with the wink of an eye, whip each and every one of these government members into voting whichever way he wants them to. These government members are here to do as they're told. If you think not, Chair, we just saw how they came to when the whip walked in here. Man, oh man, that attracts attention so fast it will make your head spin.

The third portion of my amendment is addressing the issue of youth and that constituency, because we know that the facet of the community, the segment of the community that is certainly targeted by the slot industry — targeted, I say, by the slot industry — is young people. Sad but irrefutable data that I've referred to time and time again — and again that has brought all sorts of responses from the government and other advocates of the slots — indicates that there are double-digit levels of problem gambling in the CEGEPs and universities of Montreal, young people. I've said it before, I'll say it again: Frisch's study, Dr Ron Frisch from the University of Windsor, identifies among the adolescents that he's studied a 17% rate almost equally balanced between pathological gambling and high risk to become pathological gamblers.

Slots are highly attractive to young people, especially the electronic slots. These are slots plus. These aren't the

machines that we saw, for instance, in the Hull casino. These are machines with far more bells and buzzers; as one would-be manufacturer indicated, the opportunity to provide almost a virtual reality experience. Remember the travel one: "Bugger off. We took your money. Travel on."

Young people are very much the target, I'm convinced, by the manufacturers and designers and marketers of these machines, and there's some rationale for that. It's not an accident. The conclusions reached by Frisch and by Schaffer and by Mark Griffiths at the University of Exeter and others that are reviewed in the Canadian policy paper that's been written on governments' addictions to gambling are consistent. It's not one of those perverse conclusions that immediately cause one to say there has to be something wrong with the mode or the manner in which the research took place. It's consistent with what one observes. It's consistent again with the whole style of manufacturing and marketing electronic machinery, electronic games, to young people.

I was concerned as to whether or not I was misrepresenting or misinterpreting the work of Derevensky and of Frisch — Derevensky at McGill and Frisch at Windsor — so I called them and spoke with them both at some length and told them what I'd been telling this committee and simply touched base to make sure that my analysis or my interpretation of what I had read by them was accurate. Both of them indicated that their own sense of their own work was consistent with how the opposition — and again, not just myself but the Liberal Party — had been presenting it during these hearings.

High-risk generation for addiction to gambling. It's the new narcotic, the new drug, and it's called the crack cocaine of gambling. Not for the purpose of engaging in mere hyperbole because — once again, let's put it this way. Most people don't ever use cocaine or heroin or marijuana. I suppose a heck of a lot more people use marijuana and hash simply because it's acquired some currency. Most people don't use heroin or cocaine, but we know that heroin, again remarkably so — but cocaine is sort of the designer drug. It's out there wherever it might happen to be, and if I said it's out there on Yorkville Avenue people would go, "What the hell. Yeah, I'm sure it's out there on Yorkville Avenue and places like that," a whole lot of places. Most people never use it. Many people, perhaps in situational circumstances — they're in university, maybe it's their circle of friends, maybe it's a New Year's Eve party and they've been drinking — will use cocaine and they use it once in their lives, or two or three times. Or if it's part of a youth — because that's what we're talking about, youth, that youthful stage of experimentation. They might use it over a period of time any number of times. But most of the people who use cocaine don't get addicted to it. That's the reality. Both anecdotal and statistical evidence demonstrates that.

The same can't be said about crack cocaine. That's why it's distinguished. That's why there was an uproar. That's why there were shockwaves throughout North America with the advent of crack cocaine, because unlike cocaine, which is addictive but not immediately so, and which again many people have used without developing



addictions to it, crack cocaine has a quality to it, if you want to call that a quality, that the modest use of it can generate an addiction. The researchers say the same thing about the slots.

Again, it was only yesterday that we received the report, well prepared, by the city of Sudbury, by the city clerk who had prepared it at the behest of the municipality. He hadn't approved it but he had, I suppose, an anthology of news clippings and also police reports, not general occurrence reports but letters from various chiefs of police and police departments across the country, confirming the highly addictive nature — it's what the researchers have been telling us too — the highly addictive nature of slot machine gambling, and especially among young people, and an addictiveness for women that isn't shared by other forms of gaming or gambling.

1550

So I think young people have a strong interest in this. There may well be an argument — I think there is, quite frankly — that the horse race people put forward about the challenge for the breeder, for the owner, the entertainment value of watching horses race or being driven. It's ironic. As I understand it, in the horse race industry, unless other people can tell me better, the horse race people teach the horse how to run. There's a way of running for the racetrack. That's one of the things I always found peculiar about horse racing, that here are people teaching the horse how to run. Give me a break. Give the horse a break. In any event, that's what happens. They've got to teach the horse how to run so it can make folks happy at the track. But, again, so be it.

I think young people have a strong interest in the sort of policies that are being developed here, and moving away from the gaming issue for a moment, I say it's about time that young people had some specific role in the alcohol supervisory and regulatory system. Young people are the targets of those bastards, the Labatts and the Molsons primarily, no two ways about it. Their markets are young people. Their targets are young people. Their advertising techniques illustrate that, oh, so vividly. If we for a minute think that Labatt's and Molson's are somehow happy with the person who drinks one beer a week, think again. The person who drinks one beer a week is irrelevant to Labatt's and Molson's. They're a nuisance. They're more expensive to service. If everybody only drank one beer a week, Labatt's and Molson's wouldn't make any money. All the bottling process and returning bottles, you can't make the money back on the guy or gal who drinks one beer a week.

The beer industry, targeted at young people — as compared to the spirits industry, which does not have a youth target except through their horrid little cooler phenomenon — knows that to make money it has to sell more beer rather than less and that the person who drinks a case a week is 24 times more profitable, in fact probably even greater than 24 times, than the person who drinks one beer a week. The person who drinks a case a day might not be the longest-living customer, but man, while that person is alive and drinking, there's a profit margin there that would choke a horse.

**Mr Bert Johnson:** Is this Economics 101?

**Mr Kormos:** Maybe it's time that we looked at some very fundamental issues here, because there's been, over the course of talking about gaming, an attempt to portray the gaming activity as some sort of modest — again, Gfellner's statistical portrayal of the average slot machine play is a person who once or twice a week spends approximately 30 minutes at a slot machine, investing \$10 each time. Chair, if the slot machine industry had to rely upon that person, upon the average person, the average play, to make money, it would go broke. It's just like the beer industry having to rely upon the person who drinks one or two beers a week to make money. They'd go broke. There ain't no market. There ain't no market in the one or two beers a week or in the \$10-a-play, twice-a-week play. There isn't. There's no money in that. The machines are expensive. We were told some \$4,000 to \$5,000, somewhere in that range, perhaps \$3,500 up into the \$5,000 range.

So I think the relevance of young people being represented and their interests — they are very much under attack. They're under attack by the drug peddlers. I believe that. They're under attack by the booze peddlers, by the beer peddlers particularly. They remain under attack by the tobacco industry. Chair, I know, and you know I know and I know you know, both of us know, how addictive tobacco is, how incredibly addictive it is, incredibly addictive, and how treacherous it is in terms of what it does to us individually and collectively.

I heard the Minister of Health, I think it was this morning, on the radio saying to the doctors out there on the east coast that we have to be more concerned about helping communities, about prophylactic approaches to health if we're going to keep the cost of medicare down. So young people are under attack by the tobacco industry as well.

Quite frankly, I supported the last government's tobacco legislation. Interestingly, though, part of me very strongly felt, and continues to, that if alcohol and gaming are to be perceived as dangerous enough to warrant this strong regulatory body — because that's what you're saying, that's what you're acknowledging. Do you get it? You're acknowledging that alcohol and gaming are sufficiently dangerous as to warrant a level of supervision and regulation that most other commerce isn't subjected to, that most other products aren't subjected to. Recognizing that, it's my hope that if tobacco isn't eradicated, at least it gets put under — and perhaps some day this will be the alcohol, gaming and tobacco regulation and public protection act. It's a public protection act. You're recognizing the inherent danger, some insidiousness of those activities. The government is recognizing that.

Once again, I don't want to monopolize time. I've spoken to my amendment. I know that others will want to speak to it as well. At least, I hope they will. I hope to hear from some government members exactly what they have to say, and if I've fallen short of the ideal amendment, my apologies. I welcome an amendment to my amendment. If government members feel that I should have included very specifically some of the other categories, that I should make an exhaustive list, I welcome their amendments in that regard, because we can then discuss that and vote on that before we vote on mine.



**The Chair:** There can only be two amendments to a motion, Mr Kormos, as you're aware.

**Mr Kormos:** I'm indicating that if there is one to mine, I can understand that, because I may not have pleased everybody with my amendment. I may have disappointed some of the government members who felt that I should have been more exhaustive. But I'll be pleased to respond to those others who address my amendment, whether they support it or not. I acknowledge there could well be criticism and I'll try to take that in good stead.

**Mr Toni Skarica (Wentworth North):** I'm hoping Mr Kormos stays because I want to direct some of my comments towards him. I'd like to thank you, Mr Kormos, for your kind comments about my prosecuting abilities. However, if I was as smart as you said I was, I wouldn't be here today, I don't think.

When I first started prosecuting, quite frankly, we used to prosecute people who ran casinos and lotteries. In the 1980s that stopped. Governments moved into that area and the prosecutions stopped. The reason the laws were changed was really twofold. One was that governments, federally and provincially, were spending too much money and, in the process, were getting into debt and owing too much money. The reason that occurred was because they were inefficient.

I think these committee hearings — see, there's Mr Kormos pretending to care about the whole process and now walking out — but in any event, I think these committee hearings are a pretty good example of how inefficient government is. I've never been in politics before, and after a year of these hearings I can't think of anything more inefficient. Look at today. There are eight or nine of us sitting around, government members, at \$80,000 to \$90,000 a year. There are two or three opposition members. There are a number of bureaucrats, at the same type of income level or more, and some here as well making \$100,000-plus. I can't think of anything more inefficient. Why do this number of people making that kind of money have to be here? Why can't we have a lot fewer people? Why is Mr Kormos permitted to go on for hours and hours, talking nonsense and delaying these proceedings?

1600

**Mr Crozier:** It's called laws; it's called democracy.

**Mr Skarica:** In the Supreme Court of Canada, the other part of our democracy that makes laws, lawyers are limited in time as to how much they can speak to make it a more efficient system. The member for the Liberals talked about democracy. The way the committee structure works, let's face it, there are always more government members than opposition members, so what's going to happen is basically a fait accompli. You know it and I know it. Everybody knows it. Don't point your finger at us, because you did it when you were in government and the NDP did it when they were in government. It's too bad that Mr Kormos left, because I was going to refer to his conduct when —

**The Chair:** We can almost have a vote right now, because he's not here.

**Mr Skarica:** Does that mean you want me to shut up, because I will.

**The Chair:** Every member of this committee is welcome to speak.

**Mr Skarica:** Actually, I have more to say, but if he's not here and we'll go to a vote, I can stop now. No?

**The Chair:** No, Mr Kennedy is speaking behind you.

**Mr Skarica:** All right, then I'm going to go for a couple more minutes. He's back, anyway.

Mr Kormos, I'm glad you're back, because I was just referring to the fact that you were filibustering here for hours and hours, and this committee process is most inefficient. Speaking as a taxpayer, I'm quite offended at what I see here today and every day in committees: the incredible waste of taxpayers' money.

For example, yesterday I flew up to Sudbury and told the taxi driver, as I told you, Mr Kormos, that it costs the taxpayers \$700 to put me there. I asked the driver, "What would you rather have: spending \$700 to put me in this committee that you've never heard of and don't know really what's going on, or have that money in your pocket?" The answer was pretty obvious as to which he wanted.

Mr Kormos, I read some committee hearings. I don't think anybody on the planet has ever read the entire transcripts of lengthy committee hearings, but I read the OTAB hearings when I had to do a review on training. Mr Kormos was the Chair of that committee and he was actually quite a gentleman, very nice to the presenters. But there was the same thing. The NDP was in power at that time. The groups came forward and said, "No, this OTAB's not going to work." All the groups that came forward said it and, true enough —

**Mr Crozier:** I don't like points of order, but are we on topic?

**Mr Skarica:** I'll get to it in a minute. Mr Kormos made the point that there's no minister here. There was no minister there in that hearing. There's never any minister there. There was a minister there to give a speech. Yet every time somebody's in opposition they complain about the minister. I recall in those hearings that the opposition parties complained there was no minister there. Now Mr Kormos is doing the same thing.

Finally, Mr Kormos referred to employment equity and the breaking of laws by authorities. This is something that is dear to my heart, because I'm surprised he's not complaining about authorities breaking the laws when it comes to employment equity. One of the great frustrations that I think all politicians have, and you'll have it if you ever get in and the NDP will have it if they ever get in, in the year 3000, will be, what do you do with a burgeoning bureaucracy?

We, in theory, are downsizing the bureaucracy. Given to me recently — and this relates to the employment equity comments and the breaking of laws by authorities — this document really alarmed me. It's the Ministry of the Attorney General hiring new people at \$16 an hour. This is June 3, 1996, and this appears at the bottom of this job posting, "In accordance with our employment equity goals for this occupation, applications are encouraged from aboriginal people, francophones, persons with disabilities, racial minorities and women." That's illegal. We repealed all that stuff a year ago, yet the bureaucracy is still using that stuff. What's going on here? Which gets



me back to the point that these proceedings are irrelevant. The bureaucracy does whatever the hell it seems to want.

**The Chair:** Mr Skarica, I believe you're getting a little off topic. We're dealing with the amendment.

**Mr Skarica:** My point is that in my opinion the reason we're here, we're doing VLTs and casinos and so on, is that governments are inefficient and don't seem to be able to curtail their spending. This committee process is an example of how totally inefficient government is.

**Mr Kennedy:** I'd like to thank Mr Skarica for his contribution, because it is clear that the amendment to the amendment which is in front of us right now is germane to some of the points he's raised. If, in effect, Mr Skarica and other elected officials in this room find it problematic that bureaucracies and other organizations don't respond directly to elected control in the way he would like, if they don't have that sufficient control, then this is a chance to provide it.

Unfortunately, the amendment to the amendment is not one I would support simply because we cannot pack all of the concerns we heard, the very considerable concerns we heard over the last couple of weeks, into this part of the legislation. Instead of trying to provide for every consideration, what we're proposing in the original amendment is general recognition of the kind of trust this bill will be breaking. This bill will be breaking a trust on the part of the public towards the government. It's been strained in other ways by the present administration, but this is one of the more blatant ways in which the public interest is about to be compromised.

What I have suggested in the hierarchy of priorities, certainly what Mr Kormos has suggested, is not out of order completely. Law enforcement is a very significant issue in this bill. There is no question, when you have the head of the criminal intelligence section for the province, the police chief in London, saying, "Don't do VLTs"; when you have the prior minister responsible, the one who introduced this bill, admitting — we don't know what the present minister's outlook is, but we have to assume that if the prior minister responsible for introducing this bill did not consult any police forces — none — law enforcement has to be a consideration in terms of the kinds of implications the operation of the Alcohol and Gaming Commission will have in the future.

There were points that some members of this committee who didn't attend all of the hearings may not have heard, but numerous people from the hospitality industry are hurting because there isn't an economic plan on the part of this government, a plan that would do anything to restore consumer confidence, a plan that would have any kind of expectation developed among consumers. Instead, it's forced this part of the economy — the hospitality community, the restaurateurs and people with bars and resorts — to look to a gimmick that has them collect taxes on behalf of the government and dangles that in front of them in return for their support. The kind of support they've given has been fairly vociferous. It's even poignant to hear that this is where they're putting their faith, on these particular machines, which, as has been pointed out in the past, are a symbol for your administration. These are machines that employ no one, produce nothing and prey on vulnerable people, yet you persist.

You persist as well to tell the small business community that somehow it will benefit when in fact this government, in its statements in the budget by Mr Eves, proposes to give 10% of the income to operators compared to other provinces that offer 25%. It proposes to provide one VLT machine for every two licensed facilities. In doing so — and in reinforcing the need for my original amendment, but acknowledging the concern that is raised by the member of the New Democratic Party — it is either misleading the hospitality community by saying to them, "We're going to do you something of a benefit," or it's misleading the public. There is no way to reconcile the kind of numbers, the 20,000 machines, most of them already committed to racetracks and charity gaming halls, and any tangible benefit for the restaurateurs, the bar owners and the resort owners of this province.

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What do those restaurateurs who came before our committee say to that? Well, they didn't say it very often in committee, but what they say in the hallway is, it's a foot in the door. It's a foot in the door that they're only getting 10%; it's a foot in the door that they may not get very many machines. If that's the intent of this government, then there need to be further protections in this bill, but the protections may have to indeed be on the public's side.

So again, when we look at the kinds of ways the government might configure the commission, how it could make the commission relevantly address the concerns that are out there in the community and how the members of this committee, some of whom have been expressing dissatisfaction, I suppose, with their own government in the sense that they don't feel potent enough in this setting to change these laws — you're being asked whether you approve of Mr Kormos's approach or the somewhat more reasonable approach that I believe I put forward. You are being asked, you have the opportunity, to express what you heard. If you have concerns, they can be reflected in the legislation. You can make that discussion in your caucus and you can certainly reflect it here today.

There is no excuse, Mr Skarica, no excuse at all for the public interest to be swept aside or for these hearings and these discussions to be meaningless. I can tell you, despite how you may feel from your participation, that they're not completely meaningless, because we're starting to get phone calls from people who are concerned about what your government is doing about VLTs and the continuing spotlight, albeit you might say a little protracted under the experienced dialogue of the member for the New Democratic opposition party — but that protracted spotlight is starting to raise concerns among people.

That's why it's incumbent on you make changes to this legislation and to do it in a way that reflects your own concerns, albeit as I've heard them, not as strongly held as some of the people who've deputed before the committee, not as strongly held as the people on this side of the committee table. But at the same time, they must be put in the legislation. The only thing that's going to make a mockery out of this, out of the expense, the travel and so on, is if nothing substantive changes in this commit-



tee — and the Chair is quoted in the London Free Press as saying there will be changes. Mr Chair, I appreciate that confidence you put forward to the reporter for the London Free Press based on our hearings in Lambton county, and I encourage the members of this committee to think likewise.

No, we can't cover every concern in this legislation. If we were to do that, we would be proceeding on a much, much different basis, but there are things that we can do to reflect the concerns, and I think substantially. If the government really is, as the former minister freely admitted, wanting to make money, putting aside other considerations because its budget numbers don't add up, if it's now admitting that, then it's all the more reason to tell the public there's some way that their other, now secondary concerns are being swept aside — the concern that gambling perhaps should not be increased, that hard gambling shouldn't be in neighbourhoods where it's exposed to children, that the kind of foresight that took cigarette machines out of restaurants is now allowing us to believe that gambling machines will go back in.

**The Chair:** I believe you're getting somewhat off the topic of this particular amendment.

**Mr Kennedy:** Thank you for the correction, Mr Chair. I want to address each of the points that was raised in the amendment to the amendment, because if you note in the amendment, it advises that we should include somebody under the age of 25, and I have to acknowledge that. While I cannot agree that should be part of the amendment, I have to acknowledge that it is a serious concern.

I think it is important, given that those other categories could viably be represented, that the government side and indeed all members of the committee, while they should reject this amendment as one that is too specific, should support the original amendment in its form because it does at least address where the unarguable effects will be.

There is no question that some of the intent that we've heard, but not the legislation itself, reflects some of the concern for public health, for the impact on addictions. There is no question in the body of evidence that we've heard that public health and addictions are going to be affected. No one on the opposite side can argue that there is no effect and that there won't be an expansion of gambling. Every other province has had it. Forty-two states will not do what you're proposing to do, which is to put these into restaurants and bars.

If it is your intention — and you may know it already or there may be some openness that is greater than Mr Skarica's on what could happen in the course of these hearings — but if there is none, then this is the place to at least make a gesture that shows there is no lack of consideration for public health, that you don't not care that charitable organizations could lose some of their wherewithal. Significant numbers of service clubs, of established organizations have told you clearly, and somebody's trying to cite some convenient statement by somebody in Alberta, when we see that it's reduced their revenues by \$6 million, when all of those organizations would not have come forward had they not heard from their counterparts in other jurisdictions that they're going to lose out and their charitable activities will lose out so

that your government and its plan to provide the tax cut, its fiscal arrangements will gain.

At a minimum then I ask you to have regard for that impact on public health. I would note that the idea that representation be there is supported by the Ontario Public Health Association, so it's not simply a partisan-inclined request at all, and that charitable organizations, which I think you must start to appreciate, are seeing a very strong breach of faith on your part. There's been nothing done by this government to assist the operation of charitable organizations.

In asking you to stick to the original amendment, I'm asking you to at least show the public out there that there is some intersect possible on the part of the concern that can be exhibited by the various parties here, some intersect that says, "We don't agree on everything but we agree on some things," and some activity on the government side that says it's willing at least to budge a little bit. I hope in the course of these hearings, and I obviously hope that we'll see it expressed before this particular amendment is voted on, that there is that possibility, that you haven't given up on your responsibility in terms of what you've heard and what's come forward.

Everybody around this table who's been attending the hearings is more knowledgeable about the impact that this legislation will have, certainly more knowledgeable than the government and the ministry were when they put this forward. We heard many, many instances at the beginning of these hearings where the government did not know — did not know what it planned to do, did not know what the impacts would be, had not consulted with the police forces, didn't know what level of addictions could exist. This is the chance to correct that.

If there is fiscal urgency, if that's the reason we're rushing this, if that's why we have legislation in front of us that takes these machines into bars and restaurants and doesn't just leave them in the controlled environment of casinos, if you feel you have to do that because the money isn't working out for you, then at least admit that and put in some proper safeguards, because there is nothing in this legislation — you'll find that out clause by clause as you hear some of the responses and some of the amendments — to give assurance to the public. It's a wide-open gambling bill in many, many respects. None of the things are itemized that need to be there for protections.

If you want to proceed on that kind of omnibus gambling bill, if you really want to give that kind of arbitrary power to unelected people, at least ensure that the kind of people you're putting in place are those who are trained to recognize where this organization you're setting up is going to go, because it's going to go in uncharted waters. You're taking Ontario down a path that, while it's been explored by other provinces, has never been done on such a large scale. We will have the largest number of video lottery terminals, of electronic slot machines, of any province. We don't know what the impact of that is going to be. Your side has said that very clearly.

What we've seen in other jurisdictions is scary. It's scary to the average person out there, to the people who, as was very well explained to us by a representative of



the native women's organization, find themselves needing to look to some of the softer forms of gambling simply to advance their lives, to bring a little bit of quality of life, as she explained, to their children. While we can't condone that as a way of conducting care for family, it is at least the kind of temptation which you're now proposing to put widely in front of people. If you're going to do that, then it behooves you and it behooves us to put forward some measures and some safeguards. You heard often, I think, Mr Kormos say that you didn't care. Well, gentlemen, this is your chance to show that you do.

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**Mr Crozier:** I want to make a few comments relative to what was spoken to before because it raised some concern with me. I appreciate Mr Skarica's frustration. I have shared that on occasion myself. Neither you nor I were here when this came about, but I understand that precedent was set when the now Premier stood in the Legislature — didn't just filibuster a committee or tie up a committee — and read the name of every lake, river and stream in the province of Ontario. So certainly we've had those who preceded us give us something to reflect upon.

Secondly, for Mr Skarica or any other member of the government, since they are in control, to say that these meetings, these hearings, the committee activities are irrelevant disturbs me. We can say that because we don't have the hold on the reins. We can kind of bait you. I've said that I'm not a gambling person, but five will get you 10 — and that still stands, although nobody's taken it yet — that none of the opposition amendments will be adopted. I still throw that out, but that's okay. We're the opposition and we understand the frustration that goes along with it.

But for you to tell the public that these hearings are irrelevant is rather shocking, because I think, then, you had the obligation to say that before, at the beginning. I think you would have had the obligation not to spend \$700 and go to Sudbury if you really felt that to be the case. But for you to sit here now and pontificate on it, I don't understand that. I don't like to give that message to the public. I want the government to give the message to the public that —

**The Chair:** I corrected Mr Skarica. He was off topic, and I believe you are too.

**Mr Crozier:** Oh. Did you let him go on a little bit about it, though?

**The Chair:** I did.

**Mr Crozier:** Okay. Well, I appreciate that. But I'm disturbed by that; that a government member would say that.

More to the point then, the amendment to the amendment to the main motion that's before us. I suggest that the official way, the appropriate way to put it is that not only is it incumbent upon the Lieutenant Governor in Council to appoint specific representatives from various parts of the public, but we will be moving on to — I have to refer to it, although I won't debate it — subsection 3(3), where it says, "The commission shall exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility."

If you take that back into this section, not only should we name the representatives of the community at large who should be appointed, but we should make sure that we appoint people who are honest, who have integrity and who have social responsibility. I don't know how we're going to do that because it's hard to legislate those three things, and when we get to subsection 3(3) I may even want to ask the parliamentary assistant and his assistants why you even have that in there. How can we legislate that? I'm giving a little warning that I'd be interested in how we can apply that section. If it is valid, we should apply it here as well; it should go to these appointments not only by name but they should have honesty, integrity and social responsibility.

I would like to be able to name all sections of the public at large who should be represented on a bill like this. Goodness knows, we've heard from enough of them. I hope the views that have been reflected over the past few weeks will be reflected by those who are appointed to this commission. They won't have had the opportunity to listen to the presenters as we have, but in the long run, as we go down the road, I think this commission is going to have to represent all segments of the community.

With those comments I will conclude my remarks on this particular amendment to the amendment to the main motion.

**Mr Kormos:** I did indicate that I might feel compelled to respond to some of the comments made with respect to my amendment to the amendment to the motion. Although for the largest part I was outside the door giving an interview condemning the government's abandonment of the family support plan and the cutting and slashing it has done to that plan and the shutting down of regional offices and where that leaves children and, as often as not, their mothers, I did hear certainly most of what Mr Skarica had to say. In any event, it's not the first time he has expressed views like that, certainly privately. I don't know whether he has expressed them publicly; I suspect he may well have. Again, I appreciate that we are speaking here to the amendment to the amendment to the motion, which is the motion on section 2, but I must take to heart what Mr Skarica says.

**Mr Bert Johnson:** A point of order, Mr Chair: I'm sorry, I couldn't hear the member for Welland-Thorold. I didn't hear what he said.

**Mr Kormos:** I appreciate Mr Skarica's comments. I have had high regard for him for a good chunk of time. I disagree with a whole lot of his political views — I'm not shocking him or surprising him by saying that — and I heard his reference to previous governments and I accept that too, because I was as concerned about that when I was here as a member of the government caucus as I am now about the legitimacy of these committees, about the absence of ministers. There's nothing wrong with the proposition of having a parliamentary assistant doing this. One ministry has a dozen different things going on at one time, and that's why PAs make the extra bucks —

**Mr Flaherty:** Big bucks.

**Mr Kormos:** Well, a good 12 grand a year plus, in addition to their 78 grand. Mind you, they take the heat



too. I'll still never forget — oh gosh, from Guelph, the parliamentary assistant to Murray Elston. He was forced to lead the charge on the no-fault stuff for the Liberals.

*Interjection.*

**Mr Kormos:** No, the parliamentary assistant to Murray Elston. The people who understand the recent politics of this province would know who that was — a great guy, super guy, a bank manager, and he got his butt kicked in the provincial election — undeservedly, but after taking the heat — Mr Flaherty, this is important to hear — on what ended up being very unpopular no-fault insurance. Murray Elston did just fine, thank you. He cruised back to victory and then to a successful retirement on a pension. His was a timely retirement.

**Mr Crozier:** Similar to what yours will be.

**Mr Kormos:** No, his was a timely retirement. He didn't have to turn 55. He was nowhere near.

I hear what Mr Skarica is saying, and he should know. I was critical of that as well, and have been for a good number of years. I know I spoke to some of the Conservative caucus members prior to and during the course of the last election, and we were in concurrence, believe it or not, about the fact that maybe this government was going to do something about the nature of committees, change the model a little bit. I could tell you this: When I served on committees, I voted — which didn't earn me any kudos in my caucus and eventually reached the point where I wasn't the government representative on any committees, although I attended them frequently using my as-of-right status as a member of the Legislature to attend at and speak on committees, as I did on the casino committee and the government's auto insurance committee etc.

The fault here is the fact that the committee role is akin to a Moscow show trial. The result is predetermined. The fix is in. We know what's going to happen, so what do opposition members do? Surely opposition members have to try to focus as much attention as possible on issues that they have a responsibility to raise. I feel very badly being involved in a committee dealing with this particular topic, in view of the fact that it shouldn't have been a partisan issue. There are serious issues here, serious concerns. It didn't have to be a partisan issue. It wasn't the Tories' issue. They were anti-casino, they were anti-slot. It wasn't as if they'd campaigned on the issue of slot machines and been elected on that basis. They had expressed strong anti-slot views.

What we have to do is, I think, slow this process down. The government members should be going to their whip and House leader's office and saying that things are not going well in the committee. We obviously want to see where the new minister stands on this. We understand that he needs an opportunity to be briefed. I said that this morning. There can be ways of resolving this.

I feel badly because this government, like every other majority government, appears eager to engage in the tyranny of the majority. I've been on both sides of the fence. It doesn't serve the Parliament well; it doesn't serve the people of the province well. I'm grateful to Mr Skarica for his comments, but I'll be even more grateful for some action to accompany the words. I can only say that action may not make you popular with your House leader or with your party leader, but it'll probably go a hell of a lot longer way to getting you re-elected in your riding than following the caucus line all the time.

**The Vice-Chair (Mr Ron Johnson):** Mr Johnson.

**Mr Bert Johnson:** No, I'm learning too much listening to them, Mr Chair.

**The Vice-Chair:** I think I have no other speakers, so we'll call the vote.

**Mr Kormos:** Mr Chair, recess as per the rules, please.

**The Vice-Chair:** There'll be a 20-minute recess.

**Mr Kormos:** Thank you, sir.

**The Vice-Chair:** We'll reconvene at 4:55.

*The committee recessed from 1633 to 1652.*

**The Vice-Chair:** The first thing we're going to do is go to the vote on Mr Kormos's amendment to Mr Kennedy's motion.

**Mr Kormos:** Recorded vote, please.

**Ayes**

Crozier, Kormos.

**Nays**

Flaherty, Ford, Guzzo, Bert Johnson, Skarica, Stewart.

**The Vice-Chair:** Mr Kormos's amendment has failed. Now we will vote on the motion by Mr —

**Mr Kormos:** No, no.

**Mr Crozier:** I move adjournment, Chair.

**The Vice-Chair:** So we are moving adjournment?

**Mr Crozier:** I'd like to move adjournment until 10 am tomorrow.

**The Vice-Chair:** All those in favour of adjournment until 10 am tomorrow? Carried.

*The committee adjourned at 1653.*











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### STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)  
**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

Mrs Marion Boyd (London Centre / -Centre ND)  
Mr Robert Chiarelli (Ottawa West / -Ouest L)  
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\*Mr Gerry Martiniuk (Cambridge PC)  
\*Mr John L. Parker (York East / -Est PC)  
\*Mr David Ramsay (Timiskaming L)  
Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston  
Mr Bert Johnson (Perth PC) for Mr Hudak  
Mr Gerard Kennedy (York South / -Sud L) for Mr Conway  
Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton  
Mr R. Gary Stewart (Peterborough PC) for Mr Klees  
Mr Toni Skarica (Wentworth North / - Nord PC) for Mr Doyle

#### **Also taking part / Autres participants et participantes:**

Mr Rob Harper, senior policy adviser, Ministry of Consumer and Commercial Relations  
Ms Teri Kirk, legal director, legal services branch, Ministry of Consumer and Commercial Relations

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Christopher Wernham, legislative counsel



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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 22 August 1996

# Journal des débats (Hansard)

Jeudi 22 août 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
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LEGISLATIVE ASSEMBLY OF ONTARIO  
**STANDING COMMITTEE ON  
 ADMINISTRATION OF JUSTICE**

Thursday 22 August 1996

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO  
**COMITÉ PERMANENT DE  
 L'ADMINISTRATION DE LA JUSTICE**

Jeudi 22 août 1996

*The committee met at 1000 in room 228.*

ALCOHOL, GAMING AND CHARITY  
 FUNDING PUBLIC INTEREST ACT, 1996  
 LOI DE 1996 RÉGISSANT LES ALCOOLS,  
 LES JEUX ET LE FINANCEMENT  
 DES ORGANISMES DE BIENFAISANCE  
 DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / *Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.*

**The Chair (Mr Gerry Martiniuk):** Good morning, ladies and gentlemen. This is the clause-by-clause hearings of the administration of justice committee, consideration of Bill 75.

**Mr Peter Kormos (Welland-Thorold):** Chair.

**The Chair:** Yes, Mr Kormos?

**Mr Kormos:** A preliminary matter, please. I do propose to make a motion in this regard. I note that —

**The Chair:** I'm sorry. We have a motion on the floor.

**Mr Kormos:** I said a preliminary matter. This is a procedural matter. This is the appropriate time to raise these matters.

**The Chair:** You have a procedural matter? It certainly is. Thank you, Mr Kormos.

**Mr Kormos:** I note that today is the beginning of the Progressive Conservative federal convention. As you will undoubtedly know, Chair, it is the convention, over the course of many decades in this Legislature, that other parties accommodate caucus members whose party is holding a convention. The Conservatives accommodated the New Democrats in their recent provincial convention and no doubt they will be accommodating the Liberal caucus in what might well be a November 30 convention. It's very important for political parties to have their elected members attend; I understand that.

I move therefore that in tune or in accord with this convention, this practice, and so as to accommodate my colleagues in the Conservative caucus, we suspend clause-by-clause consideration this morning so as to permit my colleagues from the Conservative caucus to attend their convention. I'm sure that they're eager to be there. Their party needs them. Their party has only two people sitting in the federal house. It is a great morale boost for the federal party to see elected members there

when there are only two members elected federally. Therefore, I move that we suspend clause-by-clause consideration —

**The Chair:** Thank you, Mr Kormos. You are out of order. We have a motion on the floor. Your motion for adjournment will have to be made after we deal with Mr Kennedy's motion. I believe that is a correct ruling.

We presently have Mr Kennedy's motion on the floor. It is a motion to amend subsection 2(2) of the schedule to read, "The commission shall have a board of directors consisting of the members appointed under subsection (3), one of whom shall have expertise in the field of public health or charitable organizations."

**Mr Bruce Crozier (Essex South):** I'd like to speak in favour of this motion. I know Mr Kennedy made some comments when he introduced the motion. We heard from a number of organizations; I haven't counted how many, but during the debate yesterday a few of them were named, the likes of the law enforcement people, non-profit organizations, charitable organizations, business, youth. This motion I think was introduced — I know was introduced — by Mr Kennedy in the vein that, having heard from all those organizations and, with the exception of Mr Skarica, having thought the government would have an open mind when we went into these hearings — of course, we heard Mr Skarica say yesterday that it was a fait accompli. I was shocked to hear a government member say that. I don't know whether he was speaking just for himself or whether this was some hidden agenda, but I'd like to believe, having gone through this for three weeks with my colleagues across the table, that they were open to suggestion from any of the groups that came before them.

Of course, as we go through these amendments, we're going to see; the proof will be in the pudding. But in this case, this was meant to be a moderate resolution in that the government could show its goodwill and its openness and express how it's been listening so that it could direct the Lieutenant Governor in Council, I believe it would be, that the commission should have a board of directors that, to whatever degree it can, represents the general public, that pluralistic public that we've heard from. It was Mr Kennedy's suggestion that in this case that could be expressed by specifying that someone who is familiar with public health should be on the board, or someone from a charitable organization.

The reason we would want someone to be considered in the area of public health is because this is in fact a health issue. The government has recognized that by specifying that at some point in time, although this isn't cast in stone, it would earmark 2% of the estimated revenue of \$180 million, or a net of \$9 million. I think



that's a gross underestimate, but I think that figure was put there so that — once the \$9-million figure is reached, I think the idea of 2% will kind of be out the window. It'll probably in the long run end up being more like 0.5% or 0.25%, that the addiction research community will really receive.

So it is a health problem and the government has recognized that by saying, "Look, when we introduce these slot machines, we know we're going to create a whole new community of addicts." Notwithstanding the fact that they haven't had studies of their own and the fact that they have tried to discredit studies that we've put forward, we know they have acknowledged that this is going to create a significant health and social problem in the province of Ontario. So it's a feeling that someone who understands that problem should be a member of the commission.

It's interesting to note that the government has taken such a cavalier attitude with respect to its generosity, because we know that tobacco is a health hazard and yet I have yet to hear the government say it's willing to contribute 2% of the income from the tax on tobacco to the addiction research community. I would encourage the government to do that because they have also recognized, or the government before them, that tobacco, in its ability to addict people and the ability to seduce young people — they don't even sell tobacco products out of machines any more because it was against the law to purchase under the age of 19, I believe it is, but they knew this couldn't be controlled adequately and they removed the machines from public places.

Now what we see is they're making the move to put video slot machines in public places and they're saying on the one hand, notwithstanding the fact that tobacco is so seductive to young people and couldn't be controlled, on the other hand, even though video slots are going to be seductive to young people, we'll go ahead and put them in public places anyway.

1010

I encourage the government to support this amendment. It isn't one that's going to stop for one moment the thrust to put these money-makers, these magic little machines, into all the nooks and crannies of Ontario. It won't stop that for one moment. It won't stop the move ahead that the government has promised to the gambling interests in this province. But it will give an indication that the government has an open ear and that they understand to some degree the problem this is going to cause and that they want the ear of the public health interests on this commission.

If they don't see fit for that, this resolution also includes an "or" for charitable organizations. I certainly didn't count the number of presentations over the three weeks, but I suggest that there were a significant number of charitable organizations. Fortunately and unfortunately, it was on a first-come, first-served basis, and we don't always hear from a good mix of interested parties, but that's much the way these committee meetings work. That's the democratic way.

That reminds me that yesterday we had kind of an assault on the democratic system by Mr Skarica when he suggested that this was such a waste of money, these

hearings, the opportunity to speak to a resolution as I'm speaking to this one now. But democracy comes at a price. When you compare it to some of the other systems that exist in the world today, it may be a bit cumbersome, it may be a bit frustrating, it may be a bit expensive, but I still think it's the best system we have.

We had an example of when you don't have a democratic right when you go back to the introduction of the economic statement last fall, when some of us, I being one of them, were locked up in a room and weren't allowed to leave that room to vote, our democratic right for which I was elected to this Legislature. It led to a demonstrative situation where we had to show in a very significant way that our democratic rights should not be stomped on. Notwithstanding the fact that it's expensive, slow moving, frustrating on occasion, certainly when we represent what the people want, why, it can move along at an even greater pace.

I think this is a case where what the people want is to be heard on these commissions. They want input. They don't want to have input like we've apparently had over the last three weeks, where it was a fait accompli anyway. They want real input. We've been promised by the parliamentary assistant and others that there will be further public input when it comes to the establishment of regulations under Bill 75, and we look forward to those public meetings and the opportunity to again sit here and comment on them.

The reason I'm speaking to this resolution as I am is that we have listened over the last few weeks. We've often questioned in a biased way, but that's the opportunity we have. Now this committee meeting is our opportunity for each of us around this table to interpret what we've heard and to speak on behalf of some of those who have appeared before us.

On behalf of the health organizations, charitable organizations that have spoken to us over the past three weeks, I would strongly urge that the government accept this recommendation. It in no way harms the procedure of the bill and it would be seen to be a gesture by the government that they have been listening over the last three weeks of these hearings.

**The Chair:** Mr Kormos, you have a motion that you'd like to read into the record?

**Mr Kormos:** No, Chair. I want to speak to the motion currently on the floor.

**The Chair:** Excuse me, Mr Kormos, are you not moving a motion?

**Mr Kormos:** I'll move a motion when I move a motion. I am concurrently obviously speaking to the motion by Mr Kennedy. Mr Kennedy knows I was a little disappointed that he didn't see fit to support my earlier amendment to his amendment. Notwithstanding that, it's not in my nature to be retaliatory. One has to turn the other cheek from time to time and one has to understand that Mr Kennedy may have had motives in not supporting my amendment that he didn't articulate. So be it. Enough said.

I'm sure that there are some who remain perhaps bewildered, at least concerned, that there has been so much focus or debate on section 2 of this bill. This is why, when I speak to this, let's understand that section 2

is very much the viscera of this bill. I may well end up saying that about subsequent sections in the weeks to come, but it's the viscera of this bill.

Because we're talking about the board of directors of this non-profit corporation — I suppose that's not entirely accurate and there are other people here who would be inclined to correct me because the legislation says "corporation without share capital." Quite frankly, I don't know what the proper nomenclature is, and it matters not. I rely entirely on legislative counsel and ministerial counsel in terms of that type of structure for this body.

But it remains clear that this is the heart of the supervision of alcohol sale and distribution and regulation, and overseeing the distribution and regulation of gambling, hard-core gambling — not only slots but a regime that began in 1993 with the introduction of casinos to the province in Windsor, of course, and subsequently in Orillia and then this government's announcement of a casino in Niagara Falls, which I'm sure will tower such as to shadow the casinos in Windsor and even Orillia, Niagara Falls having incredible tourist traffic.

Here we are being called upon — and I understand Mr Flaherty's urgency in this matter — to the point of some degree of haste in wanting to see this under way. We're addressing Mr Kennedy's amendment to subsection 2(2), a process which Mr Flaherty implies by his conduct and what he says here has to be pursued quickly. Again, I have no quarrel with his response. It was disappointing. When questioned about whether or not there is an agenda or a model for selecting members of this board, and I have no quarrel with the straightforwardness of his response, either he doesn't know of one or there isn't one. He didn't suggest that there is absolutely not one; it's that there could be one that he's not aware of. He implies that somebody else is handling that agenda, because clearly for this process to be pursued as it has been yesterday and today, with that sense of urgency, one can only assume, recognizing the danger of assumptions, that there's something in mind here, that there's something on the drawing board, that there's some sort of short list, that there's been some solicitation of individuals who, in the government's mind, would be prepared to sit on this board.

1020

The minute this legislation passes, as the government is insistent that it will, and receives royal assent, then the gears have to get turning. One can't help but infer that the grease has been applied, that the engine has been stoked up, that the fuel's in the gas tank; ethanol, I suppose, could be a suitable replacement for mere gasoline. You can't go around saying to a committee, "Get this legislation passed in committee so that we can get it into the House." The House is coming back September 18, I think. Just one minute; let me check the date on that. No, it can't be the 18th; it's going to be the 23rd. It must be the 23rd. I got the dates mixed up. My apologies, Chair; I didn't do that on purpose. I am the first one to correct myself if I've erred, and I erred. It appears that it will be September 23, unless it's September 16.

*Interjection.*

**Mr Kormos:** Is it the 24th? See, nobody knows. Everybody's mumbling different dates around here.

Somebody better tell us all so we'll all be in our seats at the return of the Legislature.

Clearly this government wants this legislation ready to go. As you know, because you were there down in Fort Erie at the city complex, which was made possible in no small part by the participation of the last government and its investment in the people of Port Colborne, Mr Flaherty said, "This government is committed to the introduction of VLTs in permanent charity casinos, and the first place they will go is the racetracks." Then he went on to say that the only question is how quickly it's done. That seems like a strong commitment. So he needs — not he. Surely he doesn't have any personal interest in that. I suspect that in his heart he may even find himself less than enthusiastic about this, but he's being paid to do a job, and a job he's doing.

I suppose if lawyering is the world's second-oldest profession, politicking has got to be the world's third-oldest profession, because by and large, each of those three oldest professions does what they're paid to do with as little balking and struggle, and trying to avoid showing the distaste in their face, the repugnance at what they're being called upon to do, because most of the time, as it is with any of those three professions, one's called upon to do repugnant things. I have great sympathy for practitioners of all three of those professions and I also am well aware of the great similarities between all three of those professions.

So here we are being called upon by the government, Mr Flaherty, to pass this. Where does that put us? We had Mr Kennedy come forward with his motion amending this section. So here we are now. In contrast to the original subsection 2(2), which reads, "The commission shall have a board of directors consisting of the members appointed under subsection (3)," Mr Kennedy moves to amend that so that subsection 2(2) of schedule 1 of the bill will read, "The commission shall have a board of directors consisting of the members appointed under subsection (3), one of whom shall have expertise in the field of public health or charitable organizations."

As it was, I talked to a real lawyer last night, one who knew about these sorts of things — because I don't; I have no personal background in this type of thing — and I was cautioned and told of a wealth of case law about the words "or" and "and," and about the concept of the "exegetical or" or the "conjunctive or." I was told that there's again a wealth of case law. In the course of statutory interpretation courts have ruled that sometimes "or" means "and," in which case it's referred to as the "conjunctive or," and in other cases "or" means "in the alternative," so that the two are mutually exclusive, in which case it's referred to, I'm told, as the "exegetical or." Similarly, and this is where it gets peculiar, the word "and" has been held from time to time to be exegetical such that it's mutually exclusive.

Courts at various levels across this province, indeed across the country — including, I was told, if I was inclined or if the Chair was inclined, that there's obviously a far greater supply of American case law in these matters because they have a history of being somewhat more litigious than Canadians. I was advised that among the tools used in the process of interpreting and determin-



ing the impact of the "or," these are standard sorts of things. I didn't want to bring any of the volumes of text on statutory interpretation here because it would have consumed a lot of time to have made reference to those. I don't want to do that to the committee.

But among other things, obviously, the rules are apparently well known to the people who practise that type of law. You look at the context of the legislation, the intent, the goal that's to be achieved; those are some of the very basic fundamental standards or guidelines or tests or the scale that you might use, the scale in terms of linear measurement, not necessarily in terms of weight, like a tape measure or a folding rule or a sliding rule.

Before that conversation last night I was eager to support Mr Kennedy's motion; I was. Now I've got concern. Not that the motion in itself — because I think I know what Mr Kennedy has in mind here. I think he has embraced public health and charitable organizations in as reasonable a way as one can utilizing the English language, at least in so far as — I struggle with it from time to time; well, frequently. This is one of the difficulties legislative counsel encounters, as do other draftspeople here at Queen's Park or at the federal Parliament, or people who are involved with this from time to time because they're private firms, private counsel retained to do this sort of stuff. There have been volumes — well, the Canadian literature on statutory draftsmanship is not as extensive as it is, I'm told, in some other jurisdictions, but there are some texts that have been time-honoured.

One of the problems with these amendments, because we struggled, as you know, yesterday at length with the — because we have to look at this bill both in the context of its English-language form as well as in the context of its French-language form. One of the difficulties in dealing with amendments like this — because there are certain subtleties in the language that can result. I'm not sure, but I know these things cause a lot of problems in courts during the course of litigation. I think in the context of criminal law the version more favourable to the interests of the accused shall prevail. Whether in other types of litigation it's the same rule, I really quite frankly don't know. But it can cause great grief at the end of the day, grief and expense, which nobody wants to incur, the lack of precision fuelled by an ambiguity between one language and the other.

1030

I know Mr Kennedy is reasonably fluent in French and one wonders whether he would have resolved the difficulty about this, as I'm told, exegetical versus conjunctive, in his French-language version had we had it.

So on a point of order, Chair, I put to you that we are entitled to move amendments but that just as we are entitled to read in clause-by-clause consideration the Bill in both languages, French and English, and one notes it's not something that's merely in passing, one notes that yesterday concern that — nobody suggested that Mr Kennedy's concern about the translation was frivolous. Staff here dealt with it promptly and properly and as well as they could with a great deal of seriousness. They understood his concern and we went through that. We went through when I questioned, and I lived with the answer, what I perceived as a distinction or a difference

between subsection (4) in the French-language version versus the English-language version.

I'm familiar with the guidelines that have become universal in standardized translations so that there's some uniformity, not that I haven't had people, well-spoken francophones, from time to time point out a French-language translation, even in the one that the government circulates, for various titles within ministries and so on, saying, "That's ridiculous; that's not the word for that in its most proper sense." But once again, it's perhaps accepted by convention.

Firstly, I'm concerned that we're not dealing with the English- and the French-language versions. Because what happens then? Here we have a right to raise concerns and questions about either the English-language version or the French-language version. That is a right, I tell you, because of Bill 8, passed unanimously by all three parties in this Legislature. I'm proud of Bill 8 and I know the Conservatives are proud of their support of it, their predecessors' support of it; some of those same people are still in the Conservative caucus. I know the Liberals are proud of their support of Bill 8. Bill 8 is what says we have the right to do that — the French Language Services Act.

I am concerned that we are being compelled to consider amendments without the Chair, before an amendment can be dealt with, requiring that it be translated. Those services are available. This assembly has very competent translation people, people who are bilingual, whose job it is and who will readily and gleefully with great joy do that task. So I'm concerned about that.

For that reason, I move that we recess until a French-language version of Mr Kennedy's bill can be prepared — and that's as a point of order, Chair — so we can debate this and discuss this in its proper and whole context. As a point of order, I make that motion, Chair. That is a procedural matter. It reflects a concern about the lack of French-language translation available to us here and now and I so move.

**The Chair:** Mr Kormos has made a motion to recess in order to obtain a French translation.

**Mr Kormos:** Recess prior to the vote, sir.

**The Chair:** Since there is a reason for the request for a recess, debate would be permitted. Is there any debate? Any comments, amendments to this motion for recess?

**Mr Tony Clement (Brampton South):** I have a question: If this motion passes, do we then go on to another amendment and then come back to the amendment?

**The Chair:** That is not the intent of Mr Kormos's motion. It is a recess. Period. That means we are recessed until we obtain a French translation.

**Mr Clement:** Why don't we just go on? I guess I'd speak against it so we can go on to the next motion. If we're waiting for the French translation, let's go on to the next amendment until it's translated.

**The Chair:** Is there any further discussion in regard to the motion before I put the question?

**Mr Garry J. Guzzo (Ottawa-Rideau):** Just a point of order, Mr Chair: What is our schedule with regard to completing the work of this committee?

**The Chair:** The schedule, depending on the desire of this committee, is up to 12 o'clock midnight tomorrow, Friday, the 22nd, I believe.

**Mr Guzzo:** No, today's the 22nd.

**The Chair:** No, 23rd, sorry.

**Mr Guzzo:** Unfortunately, I wasn't booked for the 23rd. Are you telling me this committee is scheduled to meet tomorrow?

**The Chair:** Not at this point. This committee is scheduled to meet today, starting at 1:30 this afternoon, with no time limit. However, if this committee chooses at any time during today to move that we meet tomorrow, that motion would be in order. Whether it passes or not is another matter.

**Mr Guzzo:** Correct but if there is no —

**Mr David Ramsay (Timiskaming):** You may have to move that motion yourself.

**The Chair:** I'm sorry, Mr Guzzo, you're not talking to the motion before us. The motion before us is to recess to obtain a French translation of Mr Kennedy's motion.

**Mr Guzzo:** What are we talking about in terms of time? How long is it going to take to provide it?

**The Chair:** Each time, it could take hours, because if you set a precedent this time, of course, you will do it each time. Have you completed your discussions, Mr Guzzo? I don't want to cut you off, I just don't —

**Mr Guzzo:** You've answered the question. I thank you.

**Mr Crozier:** Just to comment, I don't know, I think the precedent is that we are accustomed to having before us in the bill, it's obvious, the French translation concurrently with our discussion. As was evidenced yesterday, there was considerable discussion and, I suspect, still some disagreement on the use of a particular word and its intent and its definition in the French version. In fact, the government brought its own amendment forward to correct the French version since it was inadvertently improperly drafted in the beginning.

I really can't see, with the government's commitment, as Mr Kormos said, originally Bill 8 and our need to have the French translation before us, that we really shouldn't have — we may have the choice but our obligation is, I think, to receive these translations before we proceed.

**Mr Kormos:** I just want to indicate that, upon you calling the question, I'm requesting a 20-minute recess as per the rules, prior to the vote.

**The Chair:** Thank you, Mr Kormos. Is there any further discussion in regard to the motion to recess? If there's no further question, I will call for the question. All those —

**Mr Kormos:** Recess, sir, as per the rules.

**The Chair:** I'm sorry, you're quite right. Do you want a recorded vote, too?

**Mr Kormos:** I shall when we return be requesting a recorded vote, sir.

**The Chair:** We will have a 20-minute recess, requested by Mr Kormos.

*The committee recessed from 1040 to 1101.*

**The Chair:** I call the meeting to order. The question is a recess at the request of Mr Kormos.

**Mr Kormos:** Recorded vote, please.

## Ayes

Crozier, Kormos.

## Nays

Clement, Flaherty, Ford, Guzzo, Hudak, Ron Johnson, Rollins.

**The Chair:** The motion is defeated. Mr Kormos, we're dealing with Mr Kennedy's amendment.

**Mr Kormos:** Yes, sir, I sure am. That's democracy, I suppose. Clearly, the majority didn't want to see French-language versions of the —

**The Chair:** Mr Kormos, we're dealing with Mr Kennedy's motion.

**Mr Kormos:** I'm complimenting the process.

**The Chair:** If you could stick to the point for once.

**Mr Kormos:** Thank you, Chair. I appreciate your concern and your assistance in that regard, because we have to be careful not to get testy.

Having the concern that I do about the very specific choice of language by Mr Kennedy in his amendment, the fact that it's very specific makes it non-specific, the fact that he chose there to put "or" without explaining or giving us a context. Again, I don't fault him. Mr Kennedy has been very articulate in his explanation for his amendment of subsection 2(2). In view of the fact that the Rotary district number 5360 development society in Alberta said, "To combat the addictive nature of VLTs, perhaps availability of them should be restricted, not allowing them in bars and lounges" — that's what the Rotary Club in Alberta said and that's consistent with a whole lot of other things — I'm moving an amendment to Mr Kennedy's motion.

I move that the amendment moved by G. Kennedy amending subsection 2(2) of the schedule to the bill be amended by deleting "under subsection (3)" and inserting there, the words, "by a tripartite committee of the Legislature, struck for the purpose of appointing members to the board of directors of the commission."

I wish to speak to that amendment.

**The Chair:** Mr Kormos.

**Mr Kormos:** Thank you kindly, Chair.

There has been throughout the course of this clause-by-clause consideration, and I'm confident that there will continue to be throughout the course — as in the past, there will be in the future — concern about the nature of this corpus, the board of directors, concern about how it is going to be capacitated to fulfil its responsibilities, and frequent reference has been made, under subsection 3(3). I'm not sure, it seems to be an relatively novel insertion of language. It may be present in other similar enabling pieces of legislation, and I suppose when we get down to section 3 — we'll get there in due course — I will be seeking from counsel for the ministry the source, the origin of that particular language and whether it has parallels.

It may well have and I've simply been unaware of their presence. Obviously, as you know, Mr Crozier has already raised a question, although it's premature, about the *raison d'être* for that language being there, and that is to say that it should be statutorily required that a board utilize the principles of honesty and integrity. I suppose



with the types of appointments this government has been making, it's better to spell it out rather than rely upon the good faith of the Tory appointments.

Having said that, I moved that Mr Kennedy's amendment be amended by deleting, under subsection (3) — which is the subsection, of course, which gives fiat power to the cabinet, which means to the Premier and his office. that's what it amounts to. Bingo. You fill out the cheque, you bomb, you lose an election as a Tory — I mean, that speaks volumes. To have lost as a Tory in the last election, in view of the incredible sweep the Tories had, you really had to be something. Let's face it, it was tough to lose as a Tory in the last election. Well, you see, subsection (3) gives the Premier unfettered discretion to appoint people to the board.

To be fair to Mr Kennedy, he's tried to temper that by virtue of his amendment, but I don't buy it because it requires — since there is no cap on the number of members of the board, this could become an old boys club of 20 or 30 people who've got to be taken care of, and I'll be addressing that in due course because I have similarly tabled with the clerk an amendment to deal with that, but that will be dealt with at the appropriate time, once we're finished with this motion of Mr Kennedy and my amendment to it.

As I say, this could become — gosh, so be it. So you appoint one person who has expertise in the field of public health. That one person is surrounded by a gazillion people who have marching orders, either implicitly or overtly, to, say, disregard anything that our member with public health experience has to say. Then it becomes less than academic; it becomes moot.

Say you have one person with expertise in charitable organizations. That could be any number of people; again, the lack of specificity on the part of Mr Kennedy. I don't fault him personally, because one of the problems here is that this amendment arose during the course of the actual debate on clause-by-clause. They are, I acknowledge, put together with some haste because nobody wants to see these proceedings delayed unduly. But somebody with expertise in the field of charitable organizations — heck, I suspect there are some who would argue that Marshall Pollock has expertise in charitable organizations because here he is, he's the granddaddy of Ontario Lottery Corp.

Now, mind you — and I'm sure he was paid well — notwithstanding his enthusiasm for OLC, government-sponsored gaming, considered by many to be relatively benign in itself at the time, but at the same time approached, as you know, with the overriding qualification that this was going to be restrained and controlled and implemented slowly, some of the very same language that this government is using about its slot machine regime, its slot machine scam.

1110

Clearly, OLC became overwhelming in its size. Now Marshall Pollock could say, "I have expertise in the field of charitable organizations because from time to time I have been responsible, as the top dog at Ontario Lottery Corp, for cutting a cheque to a sports organization," or to a municipality for building an arena, perhaps; to any number of charitable organizations.

Also, you see, that's my concern, and it's been expressed by so many, even the utilization — and I understand that in the course of some of my amendments that I've tabled on behalf of the New Democratic Party, I too use the phrase "charitable organizations," because there was more than a little bit of suggestion, and I know the legal scholars have reflected on this, that the mere use of the word "charitable" may well restrict any board or body's capacity to broaden it to include non-profit. You know that was the concern that was raised.

While some organizations that are, again, no quarrel, legitimately, bona fide, certified by the federal government ministry of national revenue to be charitable were the ones that were saying, "Yes, use that as the guideline, whether the federal government" — I suppose the test is one that's supplied in the course of giving these people a charitable number so that you can get an income tax receipt.

As has also been raised, though, both by parties making submissions and by members of the committee, certainly from the Liberal caucus and by myself, there are a whole lot of non-profit organizations and groups that do good work. I cite some of them from time to time: the Rose City Snow Seekers, the Welland Snowmobile Club, the Thorold Community Activities Group, and we're just starting this week, on Saturday, down at Club Rheingold, the beginning of our heritage festival. Club Rheingold kicks it off traditionally. As a matter of fact, it's down in Mr Hudak's riding, down in Niagara South, in sort of north Port Colborne, if you will, Yager Road. The folks at Club Rheingold, I suspect, and I know Mr Hudak will help me with this, are not a charitable organization for the purpose of an income tax receipt, but none the less they're a non-profit organization, no two ways about it, and they're just a healthy component of the Niagara region, of the community. I speak about the community in the broadest sense.

These people use various fund-raising activities as a means of raising money to sustain their physical plant, their building, which is a beautiful building on Yager Road, to engage and support cultural activities by their members and, I suppose, friends of their organization. It's a German-based club; interestingly, a lot of Hungarians. Just because of the old boundaries of Europe, a lot of Hungarians are there too, the Magyars at Club Rheingold, and a lot of Germans who speak Hungarian and Hungarians who speak German.

But you're familiar, Chair. I don't want to get into the whole history of Europe before the First World War and the assassination of Archduke Ferdinand down in Sarajevo by a somewhat crazed anarchist. But Club Rheingold would be an illustration of a group that could well find itself squeezed out, even though they raise substantial money through various fund-raising, some, if not most, of which will be cannibalized by the phenomenon of Bill 75.

My God, I think of the Hungarian Hall in Welland and the Kovacs. I think of what they've done for the community and their support for the Hungarian-Canadian community. I think of the Casa Dante hall, the Italian community, Casa Dante Lodge.



I reflect, as I have already on, as I say, the Rose City Snow Seekers and the Welland Snowmobile Club, both organizations, which provide an important cultural social activity for the community, which advance the sport of snowmobiling, and it is one — trust me, Chair, it certainly is one, and it's a healthy social activity which supports economies obviously, if only by the purchase of snowmobiles, but also these people do good work.

You remember the blizzard of — what was that? — 1977. The snowmobile clubs down there performed yeoman service, they really did, at great risk to themselves. CBers and snowmobilers really prevailed in response to that great natural disaster, the snowfall, the blizzard of 1977, and we're blessed because we are unique probably in the world in that unlike, I suppose, most of the other parts of the world, we to the greatest extent remain unravaged by war, unravaged by violence, other than the economic violence of this government and the violence of their police at the steps of Queen's Park on working people, but by and large we have remained isolated from natural disaster. Although we've recently been visited in Quebec by flooding, indeed in Ottawa — you wouldn't believe, Chair, brand-new subdivisions up in Ottawa.

I spoke with one of the homeowners. As a matter of fact, he's the gentlemen — he and his wife run the Polonus Restaurant in the market, great Polish food, perogies to die for, a rabbit pâté that's out of this world, and flaczky they serve. There are only a few places around that make good flaczky — one of them is down at the Bridge Restaurant in Allanburg. It's made from flaky, but once it's turned into the soup, it's called flaczky. But he was a victim of that flood. That was a problem fairly with sewers; it wasn't a natural disaster, but it flowed from a one-in-50-year or whatever rainfall. We're immune to these.

But the Welland Snowmobile Club and the Rose City Snow Seekers, neither of which is a charitable organization in the federal government's census — and that's what we have here, expertise in charitable organizations, both of them non-profit, I'm fearful that they'll be squeezed out. Once again, that's why I'm amending Mr Kennedy's motion amending the section. We can go on and on. The Ukrainian Cultural Centre down on McCabe Street, I've mentioned them already, the Croatian hall on Broadway Avenue. What an important role they have in the community, and indeed Louis Pelino has for years now run the Croatian hall's fund-raiser, their annual fund-raiser, along with a whole lot of others, where you buy a \$50 ticket and you've got all the food you can eat. The food, again, unbelievable, kapusta, great sausages, roasted potatoes, chicken, as much as you want to eat, and often as not perogies as well — 50 bucks, all you can eat. And then they raffle — it's maximum 500 people. What's the name of those events where you go and your names are drawn one at a time and the last five people —

1120

**Mr Crozier:** Elimination draws.

**Mr Kormos:** Elimination draws. So Louis Pelino down at the Croatian hall — the Croatian National Home, more properly — runs for the Croatian National Home, and no doubt that activity is going to be cannibalized by

the presence of slots down in Welland if this bill passes. So I have fears for the Croatian National Home. It's just inconceivable that these people should be squeezed out. Their good works as non-profit bodies but not as charitable — they are as charitable as they come. Their aid to new Canadians, for instance, from the former Yugoslavia, their generosity is unrivalled — their fund-raising ability is seriously going to be hindered — yet they run a substantial risk of not falling within the framework of charitable organizations.

Then I suppose you say, what does my amendment have to do with that? Well, Club Roma — it's not in my riding, I understand that. The Club Castropignano in Allanburg West, again, performing a great service. The Club Calabrese, which is trying. It bought property and is trying to raise funds to build a hall so that it can act as a cultural centre. Again, better people you couldn't ask for; better people you couldn't find. Non-profit for sure. Charitable — from a layperson's perspective, as charitable as they come. But will they be perceived as charitable organizations at the end of the day in terms of the use "charitable organizations"? And will but one representative, or one person with expertise in charitable organizations be sufficient or be in a capacity to advance their interests? I have serious doubts about that, I really do. It's a genuine concern for these organizations and for the manner in which they're going to be cannibalized.

I listened carefully to Mr Kennedy. I'm getting the transcript of his comments so I can refer to them during the course of this. Having listened carefully to Mr Kennedy — and it's unfortunate that government members were disinclined to. They were writing notes and picking their noses and scratching their butts and carrying on in ways that are outright embarrassing. I've seen monkeys at the zoo play less with themselves than these guys sitting over here across the benches. There they are, not listening, but I listened carefully to Mr Kennedy and I understand that his motive here was to try to get some leverage, some foot in the door for some modest protection for organizations that I'm speaking of. But again, I guess he obfuscated his intent by joining charitable organizations and spokespeople for those groups with some expertise in public health — two very distinct and separate issues.

My question is, can we trust this government? Can we trust them to do the right thing when they have an unfettered power to appoint people to the board, and when the dogs that have been appointed to boards, agencies and commissions by this government to date have barked all the way up the hallway into their luxury suites with their expensive salaries? I'm talking dogs with a capital D. Incredible. Tory losers, people who have been defeated as Tory candidates, Tory bag people, Tory hacks, an incredible array of Tory pork-barrelling that generates a sense of nostalgia for the comparatively modest pork-barrelling of the great days of patronage of Robarts and Davis, and before that even Frost.

What I've attempted to do with my modest amendment is give effect to what I know were Mr Kennedy's concerns. I've moved that the words under subsection (3) be deleted and that they be replaced by the words "by a tripartite committee of the Legislature, struck for the



purpose of appointing members to the board of directors of the commission."

Some may ask, "Well, how does that address the issue?" Some may ask that. I say to you it does it this way: We know — and I of course was here in the Legislature during the course of the last government. I was in the Legislature during the course of the government prior to that. I understand patronage. I understand it. In my view, the last government wasn't very skilful at it. In fact, I think the record bears that out from day one.

A friend, a colleague, Andy Brandt, a white, male Tory appointed head of the Liquor Control Board of Ontario, and I'm going: "What is going on? Doesn't Bob Rae's government understand patronage?" I appreciate Andy, and Andy has been a very competent and skilful administrator of the Liquor Control Board of Ontario. But that was a major oversight in terms of the New Democrats in the last government not understanding patronage, being caught up in a peculiar way in an effort to be evenhanded. At the end of the day, nobody is happy.

So I understand patronage. I understand that if you've been a long-time supporter of a political party, an activist in that party, you're going to be lined up there, saying, "When that political party acquires power, there's got to be some payoff, there's got to be a return on my investment." It's one of the ways that things are done.

Mind you, with the Conservative Party, and especially with the isolation of these provincial Conservatives from their party, which makes me question — as you know, Chair, the federal convention for the Progressive Conservative Party starts today in Winnipeg, and we have yet to reach the point where I can make the appropriate motion to relieve these Tories of the need to be here so that they can participate as good Conservatives in a major and historic party function.

But back to my amendment. As I say, the intent of Mr Kennedy is clear. The effectiveness of his amendment is, with due respect, dubious because at the end of the day you've still got the Premier's office or whoever else; I don't know, maybe it's Tom Long's office, maybe it's some wacko governor from New Jersey at the end of the day who makes decisions about appointments. Who knows? It certainly isn't Dalton Camp, a long-time Conservative who has a real sense of what being a Conservative means. It certainly isn't Hugh Segal, another Conservative who is a long-time Tory who has been betrayed by these people at Queen's Park. Who knows where they go to for their expertise. Some day, I'm sure, when the books are written and the bios are written and the historical reviews are undertaken, we will all find out.

We're left with a government that probably doesn't understand patronage either, having said all that I've said, because patronage, as distinct from, let's say, pork-barrelling — and the type of pork-barrelling these people have been engaging in has really been scraping the bottom of the barrel; it's rancid pork, pork that's turned; it's pork you wouldn't feed to your dog — pork-barrelling is far different from patronage. Patronage is where you accompany a political appointment with competence, with expertise.

That's not to say that all of the appointments haven't been without skill or competence. I recall sitting in the appropriate committee applauding some of the Conservatives appointed. I remember Paul Godfrey appearing here, and me questioning: "Why are we even doing this? Of course Paul Godfrey is an appropriate appointment; of course he is. Why he's being paraded before the committee, why we're wasting his time, is beyond me."

But one is fearful because of the inevitable involvement of organized crime in this gambling regime the Tories are proposing. Because the regulatory body, this board of directors of the commission, is so ill defined, one has to express great fear, because if you're going to go for the medal, you might as well go for the gold. Why settle for bronze or silver? If the mob sees an entrée, an entry point, they're going to go for the gold. Why content themselves with operating under a fake company selling the machines? "Let's get some of our people on the board of directors of the commission."

1130

The mob's going to go all out on this one. Organized crime is going to go for the heart. Why settle for a little bit when you can have control of the whole regime? The way that the appointments process is so uncontrolled, ill defined, unfettered, don't think for a minute that the mob — they may not be so brazen, except this door is so big you could get hordes through it. They may well go beyond having front people appointed to this board and actually saying: "What the heck? We might as well be there ourselves, rather than have to rely upon mere messengers." Their interest, of course, is and will be, as I'm convinced this government's interest is, one that has nothing to do with protecting the interests of charitable organizations.

Here we have a bill with a title — take a look at this long title. Boy, it's long: An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming. I suppose responsible management of video lotteries is something of the ever-present oxymoron, because how do you responsibly manage a regime which is going to put 20,000 slot machines out in the community, the most addictive form of gambling? Oh, I hear people howling in protest. I've dared use that word "addictive" again. Well, why don't you read the letter from Staff Sergeant Paquin of the Winnipeg Police Service, June 25, 1996, where he writes to Mr Thom Mowry, the city clerk in Sudbury, that there are literally thousands of gambling addicts in Winnipeg, with the vast majority addicted to VLTs. Wow.

Please, Chair — I see the look on your face — don't shoot the messenger. I'm simply telling you what Staff Sergeant Paquin said from Winnipeg, a regime which has been infected by slots. You don't like what the Winnipeg police said? Take a look at what the St John Police Force, David Sherwood, the chief of police, says in response, writing to Thom Mowry, city clerk of Sudbury. He's informed, from substance abuse treatment centres in his city, that they have treated individuals who have expended literally tens of thousands of dollars in these machines, slots, VLTs, resulting in loss of employment,



marriage breakup, mortgage foreclosure, alcoholism etc. These people have no self-interest in saying that. People are trying to warn this government that the insidiousness of these slots is such that they perhaps should be avoided in their entirety.

We read from Corporal Kelly of the Fredericton Police Force the nature of their concern about the involvement of organized crime. Corporal Kelly in Fredericton, police intelligence there, indicates that even with the assurances — one can almost envision him rolling his eyes as he dictated that part of it, because it's wink, wink, nudge, nudge — of the Atlantic gambling commission authority, Corporal Kelly remains very concerned and sceptical about the allegation by the Atlantic gaming commission that somehow they've filtered out, screened out — perhaps they were using Brian Tobin fishnet — the organized crime element. They're there; they're going to be there; they're going to be here. No two ways about it.

Why would one want to move the motion that I've used? Well, because this government says it wants to do things differently. They talk a big gain, but they don't deliver. They talk a big gain. A revolution? Give me a break. Common sense? Give me a second break. What they're doing is neither revolutionary, nor is it commonsensical. They've got a chance here to meaningfully change the way governments do business, in essence what could be and should be a non-partisan issue. The level of partisanship and blind enthusiasm for the support of this scheme makes me suspect that some people have been bought off already, it really does. I can't imagine people doing this for free.

Being suspicious of that, I'm also suspicious and concerned about the capacity of the Premier's office to make appointments, about the capacity of the Premier's office to abuse appointments. It is wild. It is wild and inconceivable that Mr Tsubouchi wouldn't want to come here to address this. We've just had three weeks of public hearings. Some concerns that I'm trying to address with this bill and with this board of directors of the commission have been substantiated by legitimate concerns raised by witnesses participating in the hearings.

In fact, the parliamentary assistant hasn't even spoken with Mr Tsubouchi about this bill — not a phone call, not a whisper over the pillow, under the sheets, not a word from Mr Flaherty, the parliamentary assistant to Mr Tsubouchi. We all know about the mushroom treatment, and I understand why the parliamentary assistant is subjected to it, but by God, don't do it to the minister. They're purposely keeping him in the dark. Mr Flaherty said that. It's reported in the *Hamilton Spectator*, August 22, 1996. "I have not spoken to him" — Tsubouchi — "about this bill since he was appointed minister last week." Where have they got Tsubouchi? We should be concerned. What are they doing with that man? He hasn't appeared in public since his appointment. There's something frightening about this. There's something insidious about this, that Tsubouchi has been stashed away. I can see him now trying to smuggle out notes, saying: "I'm being held against my will. Rescue me." If only we could get to him.

I've got a feeling, though — Tsubouchi reads the papers — that Tsubouchi ain't very gung-ho about Bill

75. I've got a feeling that Tsubouchi has some serious concerns about the morality of Bill 75, about the danger to our communities posed by Bill 75, about the prospect of organized crime, and that's why he's being locked up somewhere, being held incommunicado. It's like those little Where's Waldo? Where's David? Where's Dave Tsubouchi? If we could only have the benefit of his insight into this.

One problem is that the government members went into this with a fixed mindset. They didn't give a crap about the public hearings. Rod Seiling, overpaid lobbyist for the hotel-motel association, scripted his hotel-motel people with the same script town after town after town. Boy, they should be angry with him. What sloppy lobbying for him not to have devised new scripts. I would have expected that from a person making as much money as Mr Seiling.

1140

To the government members it's sort of, "That's my story and I'm sticking to it." They went into these committee hearings insisting that slot machines are the panacea for our province's economic ills. Never mind the 725,000 jobs that Mike Harris promised. What you're going to get, friends, is 20,000 slots.

I could be wrong, but I don't think so. He hasn't been cited. There's paparazzi all over the place. If they saw Tsubouchi somewhere, you can bet your boots the photo would be appearing in at least the *Sun*, but no, he's being held incommunicado. I'm concerned even more now than I was before about the failure of this ministry to utilize the Solicitor General in its exercise.

Listen, it is imperative that Mr Tsubouchi appear before this legislative committee. I don't want to usurp my colleagues in the Liberal Party but I suspect that they would be on side in agreeing that we can suspend these clause-by-clause considerations until Mr Tsubouchi is brought up to speed.

Mr Flaherty made an interesting comment to the *Hamilton Spectator* reporter yesterday and they reported it today. Mr Flaherty said that this committee is going to pass this bill whether the committee's work is completed or not. Mr Flaherty, get a new scriptwriter. Mr Flaherty, read the rules. Mr Flaherty, I don't think that this bill is going to be passed by this committee before Friday at midnight. I don't think so.

What that means is that this bill is going to remain in legislative limbo, that the House is going to return — I'll be safer this time — somewhere around the third week of September, that the bill still will not be ready for presentation on third reading, that it will have to come back to this committee, which will sit — is it one day a week this committee sits? — for a couple of hours each week. Mr Tsubouchi, come out, come out, wherever you are because you can either talk to us now or talk to us during question period in the Legislature after the third week of September before this committee has finished its process.

We don't want to be unfair about this, but I can't understand why Mr Flaherty would create the false impression, the misimpression that regardless of the fact that Friday midnight we're finished, somehow the bill is going to be ready for third reading. Uh-uh. No way, Jose;



ain't going to happen that way because we've got some very important issues to discuss.

I can tell you; I've asked. I very specifically asked Mr Flaherty, as the parliamentary assistant, to resolve this impasse that we're approaching — I don't think we're at an impasse yet; far from it — by getting David or whoever you have to call to find out where he's stashed away, call those people, tell them to unshackle him, clean him up a little bit, get some food into him and get him down here to the committee so that we can talk to Mr Tsubouchi.

We're not going to become preoccupied with attacks on him. We simply want to know where he is in this issue, and especially where he is in view of the significant evidence that's been received, especially in view of the significant concerns that we have about this commission, about the appointment of the board of directors, an unfettered power on the part of the Premier's office, whoever the henchmen are there, or henchwomen, calling the shots. Please, I know it isn't Mike Harris who sifts down through the list. Oh, from time to time it could be because there could be personal debts — not personal debts. I don't mean like I borrowed \$5, but personal political debts that have to be paid. Look, I understand. Some of us have been here long enough that we've got a handle on that; we know how that works. But for Mr Tsubouchi to be kept under wraps, held incommunicado —

**Mr Crozier:** Chair, excuse me. Excuse me, Mr Kormos. I'm sitting here listening to Mr Kormos because he has some interesting and important things to say, and the level of conversation has been rising in the room and even I am having difficulty hearing. So I need your assistance if I could.

**The Chair:** Thank you. Mr Crozier has made a good point. Continue, Mr Kormos.

**Mr Kormos:** Thank you, Chair. I appreciate that and I appreciate the observation of Mr Crozier that the Tory members really don't seem to be taking this seriously. Are these members of the Legislative Assembly sitting there or are they merely a gang of dupa sitting there?

**Mr Guzzo:** On a point of order, Mr Chair: We're making notes. If you'd speak a little more slowly we could maybe get everything down.

**Mr Kormos:** I just called them dupa, Chair, just a gaggle of dupa sitting there.

**The Chair:** Mr Kormos, please continue.

**Mr Kormos:** There we are. What happens when these interruptions happen —

**Mr Guzzo:** It was Mr Crozier that interrupted, not us.

**Mr Kormos:** — and I'm not faulting Mr Crozier, because of course he makes a legitimate concern — is that, as you know, I have a guideline here but I don't use verbatim notes. I prepare a guideline, as I did last night, for the issues I want to highlight so that I don't meander. But when we have interruptions I get distracted. I'm so readily distracted.

**The Chair:** I think you were talking about your relationship with Mr Rae at the last point, if I recall.

**Mr Guzzo:** You were singing the praises of Buffalo's Man of the Year, 1993.

**Mr Kormos:** A great guitarist, Ray — performed with Ian and Sylvia. I had occasion to meet him several times, a great blues performer, worked with Koerner, Ray and Glover, who you'll recall during the 1960s — you brought it up, Chair — produced a number of albums on Vanguard and Elektra on a jazz-blues series. But Koerner, Ray and Glover were some of the best bluesmen you ever heard. As I say, Ray subsequently worked with Ian and Sylvia, Sylvia Fricker and Ian Tyson, when they were still working together here in Toronto, performing often at the Riverboat, oftentimes — what's the name of the club? It's in Ottawa. What was the name of the folk club in Ottawa where the pedestrian mall is now? Anyway, did a lot there, and of course were very popular. So I appreciate your mention of Mr Ray. One hasn't heard from him in a long time.

**Mr Guzzo:** Even Trudeau liked that club.

**Mr Kormos:** Lord knows what happened to old blues singers. He wasn't that old. He was a young blues singer, performer, in the 1960s. Some of them have survived.

**Mr Guzzo:** Mr Crozier could tell you, but he didn't want to interrupt.

**Mr Kormos:** I want to tell you — because I think I was discussing, until the Chair distracted me again there and got me nostalgic about my youth and about the great music phenomenon that was happening and some of the great performers and personalities — we were coming back on the plane from Kenora and I was devastated to read the obituary of Herbert Huncke in Newsweek magazine, because I had the opportunity to spend some time with Herbert Huncke in New York City around a year and a half ago. He lived up in room 828 at the Chelsea Hotel down on 23rd Street. I saw him just by happenstance. I had just read his last book, a collection of memoirs. An old guy, 81 years old, Herbert Huncke. He was holding a can of tinned pineapple and I went up to him and I said, "You're Mr Huncke, aren't you?" And he said, "What's it to you?" I said, "Mr Huncke, I'm a real fan of yours," because Herbert Huncke was involved in the whole beat — as a matter of fact, he coined the phrase "the beat generation." He was something of a mentor to Ginsberg and Kerouac and that gang. He started his career as a runner for Al Capone in Chicago as a very young person.

1150

As I say, I regret because we had made a tentative date. I said, "I was going to take you out to dinner, Mr Huncke." He said: "That's fine, kid, but can't do it tonight. Next time you're in New York City come take me out to dinner. I'm up in 828. Come any time." I guess it's too late because Herbert's on to the big beat generation in the sky. He and Jack Kerouac are probably doing whatever, as they did back in the 1950s, up there right now.

So that was devastating and it just reminds us that some of the great artists and personalities and characters from the 1960s, 1950s and 1940s are moving on. Herbert Huncke. Read some of his stuff. He published four books. His last memoirs were published around three or four years ago. It's probably out of print but you might be able to pick it up at a used bookstore or, God forbid, on a remainder table. Lord knows, Herbert Huncke didn't



make a whole lot of money from it but, man, you want some insights into that whole era, into the whole culture that spawned that beat movement — which of course preceded the 1960s hippie movement, which is of course how this all started, because you talked about Mr Ray, the blues guitarist.

But I'm concerned about the failure of Mr Tsubouchi to respond to our request, both opposition caucuses, and a legitimate, serious request. Something's going on here that is making more and more people increasingly suspicious.

With respect to Norm Sterling, the standing committee studying Bill 76, the environmental bill — I suppose an anti-environmental bill at the end of the day — has suspended its considerations so that Norm Sterling can get up to speed on that bill. Again, I put on record right now that this opposition party, the New Democrats, are more than prepared to accommodate Mr Tsubouchi to the same end. Heck, House leaders can get together. If we can come back in a week's time, two weeks' time, three weeks' time, so be it. God bless. Looking forward to the chance to have Mr Tsubouchi, as I say, brought up to speed, a little bit of vernacular thrown in there, but briefed as he should be.

Heck, take him to the Hull casino if that's what it takes, although I suspect Mr Tsubouchi is somewhat immune to the glitter and glamour, if there is any glitter and glamour there. The fact is that it's imperative, in view of the fact that we've heard what we've heard — a number of things. Again, I understand arguments on both sides. What's difficult for us is that we're prepared to concede that there are arguments from across the spectrum. I understand that. I understand the fervour of the so-called hospitality industry, the Ontario Restaurant Association, the hotel-motel association, led by their leader, Rod Seiling. I understand their interest in these machines.

You know that I disagree with their conclusions. I made reference yesterday, as have other people for some considerable period of time, about studies available which indicate that these types of regimes don't create the economic — it's not the B<sub>12</sub> shot for the economy that some of these people would think it is. In fact, they are, as at least one submission reflected, a non-sustainable economy, because it's self-consuming. It consumes itself to a point where there's nothing left: zero, nothing, nada.

But I understand the argument. I've listened to it. Lord knows I've heard it. I say, well, let there be some reference to the historical studies and some studies prepared to assess other jurisdictions, to assess the economic shot in the arm: Are slots a valid economic development tool?

First of all, I think logic tells you no, but then there are studies which go on to suggest no, and we referred to the Ford Foundation study. We referred yesterday in my discussions with the committee while we were addressing one section or another to a study which — he's the author of a book. Which one was that? By God, I'll find it in short order. But I suggest that, no, these do not constitute effective economic development tools.

You know, what's really interesting is that the Alberta Lotteries Review Committee found as a fact — not

speculation; as a fact — that at face value a player has a 92% chance of winning on each play on a VLT. The maximum jackpot is \$1,000. The actual payout on VLTs is 69%, because players don't cash in their credits each time they play but keep adding up credits and losses. Again, I didn't say that. Don't look at me that way, Chair. Don't shoot the messenger. I know you're angry, but don't shoot the messenger. I know you don't want to hear that sort of stuff, but I'm not concocting it, I'm not fabricating it. It isn't whimsy or a wing and a prayer; I'm quoting from page 23 of the Alberta Lotteries Review Committee study, *New Directions for Lotteries and Gaming, Report and Recommendation of the Lotteries Review Committee*, dated August 31, 1995. This is a jurisdiction that has embraced lotteries and slots. I know that. If there is a bias here, it's a bias in favour of, not in opposition to.

I appreciate why you're upset about that, and I know you try very hard to become non-partisan as the Chair. From time to time you've jumped into the fray. It's human nature, I guess. To avoid doing that requires some substantial constraint and discipline, and why should you be any different from anybody else in terms of us not being able to overcome that lack of discipline? It's perfectly human from time to time to jump into the fray.

But you see, we need a process for the determination of the members of this body, this board of directors of this commission, that is going to ensure —

**The Chair:** I'm loath, as you know, to interrupt your most interesting presentation, Mr Kormos, but it is lunch-hour. We will be recessing until 1:30, and at that time Mr Kormos has the floor and will continue with his soliloquy. Thank you.

*The committee recessed from 1158 to 1329.*

**The Chair:** I call this meeting to order.

**Mr Kormos:** Quorum, Chair.

**The Chair:** Recess for 10 minutes. We seem to have some difficulty getting a quorum today.

**Mr Crozier:** And yesterday.

**The Chair:** We now have a quorum, gentlemen. We can proceed. Mr Kormos has the floor.

**Mr Kormos:** I was of course speaking to my amendment of Mr Kennedy's motion and had, as the members of this committee know, expressed my great concern, acknowledging that it was addressed, in intent at least, by Mr Kennedy, but perhaps far less than adequately, at least from my point of view. I had spoken in some detail about the nature of the role of this board and about how imperative it was that by virtue of the construct the participants in the exercise would be adequately equipped.

I had canvassed what I perceived as the history of this particular government in its patronage appointments. I'm not sure that those, even speaking in contemporary terms of what we expect governments to do and what not to do, have become incredibly passé or dated. This government, which wants to pretend that it's embarked on a revolution of some sort of commonsense nature, has the opportunity now to indeed illustrate that it wants to do things differently. We heard one government committee member seriously criticize in no uncertain terms the process within committee. He expressed criticism that I have



shared and expressed myself over the course of, as it is now, the last three governments.

Having laid some groundwork here, let me speak to my amendment. I think the groundwork was important. I acknowledge it makes subsection (3) moot, other than the section of it — but again I'll deal with that in due course — indicating that there shall be at least five members of the board appointed. It has the effect of overriding the provision that the appointment shall be by the Lieutenant Governor in Council. I am proposing a most modest proposal that the appointment be by a tripartite committee of the Legislature struck for the purpose of appointing members to the board of directors of the commission. What a novel proposition. What a remarkably democratic proposition. What a wonderful, revolutionary proposition, and at the end of the day just plain, downright commonsensical.

I don't think there's anybody in this Legislative Assembly who wants to see the important role of regulatory and supervisory bodies — boards, agencies, commissions — in any way hindered. I think all of us, as members of the Legislative Assembly, be that for the short term or the long term, have a strong interest in seeing that these institutions, these bodies, effectively perform their role. Remarkably, one of the responses, of course, by the government and its members to accusations of inappropriate patronage is the referral to appointments that the last government made.

While I am prepared to dispute, indeed debate whether the last government was anywhere near as proficient at patronage as the preceding or successive governments, I have no choice but to acknowledge that New Democrats were appointed to positions. The irresistible conclusion by cynical people is that, at least in some small part, they acquired those positions by virtue of their connections, their contacts. I can't dispute that either. I find it remarkable, though, that people could be satisfied.

I recall yesterday — and, Gerry, you'll recall — some of the criticism that was levied by a government member for whom I have had regard of our — that is to say, quite frankly, both opposition parties' — strong suggestion that David Tsubouchi belongs here at this committee, at least for a brief period of time. The response and the criticism of that position by a government member for whom I have regard, Mr Skarica, was that when the NDP was in government its ministers weren't overly responsive to those types of requests. You know, Mr Skarica is right; of course, he's right. When the Liberals were in power before that, from 1987, and even between 1985 and 1987, ministers didn't like doing that, especially on contentious matters.

In view of the fact that the Conservative Party, in its role as third party during the course of the last government, criticized the government of the day, in view of the fact that the Conservative caucus as third party and the New Democrats as the party of the official opposition from 1987 to 1990 criticized the Liberal government for doing it that way, here is this government, with the opportunity to fundamentally change things, to set a new precedent, to say, "No, we didn't approve of it then, and we're going to show people that it can be done." It doesn't mean the end of the world. It doesn't mean the

sky is going to fall in. It doesn't mean ministers are going to be subjected to unfair or inappropriate interrogations. It means that we have the refreshing prospect of a government that's prepared to be open and candid in how it deals with things.

I don't know what the great fear is here, what the phobia is, because it's reached almost the pathological proportions of a phobia. I appreciate that the Conservative Party members, prior to this election, were highly critical of slot machine regimes. Heck, they were critical of a casino in Windsor, as I was. I understand that Ernie Eves and Mike Harris had made some strong statements regarding how inappropriate slots are — VLTs, vulgar little thieves. I understand that they said that and are quoted and reported in Hansard and the press as saying that, not only in 1993 — and that was during the course, as you know, of the casino debate, the bill of the last government — but as recently as early spring of this year.

If I promise — I tell you, promises I keep; I can't speak, of course, for Mr Crozier — not to confront Minister Tsubouchi with the fact that Mike Harris and Ernie Eves have been all over the map on this, promise not to mention it at all — because, after all, it isn't Dave Tsubouchi's work — right now I'll go on record that if Mr Tsubouchi can be here before midnight tomorrow, I will not confront Mr Tsubouchi and call upon him to explain why Ernie Eves could be so adamantly opposed to slots one day and then be justifying them the next.

Mind you, what's of interest here, and it was raised with me by several observers during the course of yesterday and again this morning — and it could just be an accident, because accidents happen — is that all of the members on this committee, short of one appearance, and that was just a fly-in or a drop-in in Sudbury — and, again, I don't know why the government was so anxious to fill all of its seats because, heck, there are so few of us on the opposition side. Mr Skarica yesterday was critical of the high cost of flying him up to Sudbury. He was, and I'm convinced he presented that in a very non-partisan way. I think the bill was \$700 and change, wasn't it, Mr Flaherty, for Mr Skarica to fly up there? Trust me, I'm not suggesting Mr Skarica had a good time. If you've been in one airplane, you've been in them all. It's not as if he was travelling Air France or something and had the china laid out and that silverware that occasionally, I'm told, people from time to time pocket before they leave the plane. It's not as if he got that kind of treatment. He got the same stale bagel and cream cheese that was a little off that the rest of us got wrapped in the cellophane.

**1340**

There you are, bused in. We were at the Ambassador Hotel, which is a nice enough hotel, no two ways about it. I don't know whether Mr Skarica came up the day before. The rooms are adequate, but you're not talking about the sort of places Mr Skarica is accustomed to, at least when he was a crown attorney earning substantial amounts of money and probably with an expense account which far exceeded that permitted to him now. In no way was it a pleasant trip for Mr Skarica. Boom, you fly in. If you happen to get in the night before, you go to bed.



You wake up, you shower and shave, and you're off to the meeting hall, you do your thing and then the mini-bus is waiting for you at the front doors. It's not as if you're out touring the Big Nickel or going down the Sudbury mine shaft — not that people didn't get shafted in Sudbury — as part of a tour. You're not out there fishing or enjoying the good things you can up around Sudbury way.

Mr Skarica was quite critical yesterday. As I say, other than Ms Marland, his colleague — and I know I'll be corrected if I'm in error; I can't recall — and she was flown up into Sudbury too as a fill-in. Mr Flaherty, you didn't need those people. Count the numbers. No way was your team going to lose a vote — no way. You could have gotten by with a fraction of them. Ms Marland was the only member of the government panel during the course of these hearings who was an incumbent in 1995, and that was pointed out to me today. I hadn't really reflected or remarked on it. I went: "Hey, what gives here? How come none of the oldtimers, the pre-1995 people, want to be involved in this sordid little affair? How come they're sending these fresh new recruits out into no man's land?"

**Interjection:** We're not so fresh-looking today.

**Mr Kormos:** Well, the year's taken its toll. But how come that is? I don't diminish the capacity of any of them. If there's any diminished capacity, they've done it to themselves. Here we are, fresh young troops, new recruits, if you will, right off of basic training, and they're sent out into no man's land. I mean, they had a corporal with them — Mr Flaherty. They didn't even have an NCO. How come no brass wanted to come out there and join them? How come no officers?

**Mr Guzzo:** They sent a deputy minister up north.

**Mr Kormos:** How come no officers? How come none of the high-priced help was prepared to go up? I've got a feeling that these members have been taken for a ride, and far beyond the ride to Sudbury. They're being set up. They should be reflecting on the fact that their seniors in caucus somehow are steering clear of this one. Normie Sterling's in and out like a greased pig. Then he's out in the most literal way.

Then Dave Tsubouchi — once again, I reflect on what Mr Flaherty told the press. Here he is, Mr Tsubouchi's parliamentary assistant. What else is going on in Mr Flaherty's life right now? This has been the focus of all of his energies, of all of his attention. It has preoccupied his life. His family life has suffered. His social life has suffered. His personal life has suffered. He has sacrificed all those things for the pursuit of slot machines. Yet here he is, Mr Tsubouchi's corporal out here, snipers and all, and he indicates to the press yesterday, and this is what he said, "I have not spoken to him" — David Tsubouchi — "about this bill since he was appointed minister last week." I question, once again with grave concern, where is Dave Tsubouchi? Since his appointment nobody has seen him.

I see that Mr Tsubouchi is reported to have said, and this is the day after his swearing in as Minister of Consumer and Commercial Relations, "Does this look like the face of an unhappy person?" He's described as having a huge grin while he said it. What did they give

him? What did they put in his food to leave him in that state and then to have him disappear for days and weeks afterwards? He said, "I guess if your name is in the elevators, you're going up in the world." He didn't mention slot machines. Nobody told him about the slots. Nobody told him. He didn't say, "I'm enthusiastic about getting to work on Bill 75 and seeing it become the law of the land so we can get those slots out there, 20,000 of them, in every corner of every neighbourhood in every small town and city in this province." No.

They sold him a bill of goods. They told him he was going to be minister of elevators. They never told him nothing about slot machines and they still haven't, because Mr Flaherty himself acknowledges, and he implies that he has talked to him because Mr Flaherty very specifically said, "I have not spoken to him about this bill since he was appointed minister last week," so one can only infer that he has spoken to him or else he would have simply said, "I haven't spoken to him" — one can infer that Mr Flaherty has spoken with David Tsubouchi.

But here's David Tsubouchi: A week later he doesn't even know Bill 75 is out there in committee. Jim Flaherty hasn't told him. Where's David Tsubouchi? I'll tell you where he belongs. He belongs here. I'm confident that if he were here, he would find acceptable, more than acceptable, my modest proposal for subsection 2(2) of the bill, which is by way of an amendment to Mr Kennedy's amendment, "by a tripartite committee of the Legislature, struck for the purpose of appointing members to the board of directors of the commission."

Chair, I'm concerned about the lack of interest. I move that we adjourn till tomorrow morning, 10 am, please.

**The Chair:** Mr Kormos has for the second time today moved that we adjourn this meeting. There is no debate required in regard to this.

**Mr Kormos:** Recess as per the rules.

**The Chair:** On what basis, Mr Kormos?

**Mr Kormos:** Recess as per the rules. I'm entitled to a 20-minute recess.

**Mr Crozier:** Where's the clerk? She'll tell you if that's okay.

**The Chair:** We'll wait till the clerk comes back. Can you point to the section in the standing orders, Mr Kormos?

**Mr Kormos:** The standing orders provide that a caucus is entitled to an as-of-right recess for up to 20 minutes upon any vote being called, upon a question being called on any vote on any matter.

**Mr Flaherty:** There has to be a motion, Chair, standing order 128. I don't have a motion.

**Mr Kormos:** I moved adjournment.

**Mr Flaherty:** I don't have a motion.

**Mr Kormos:** I moved adjournment.

**The Chair:** You moved adjournment?

**Mr Kormos:** Yes, I moved adjournment.

**The Chair:** He now has a motion. You were out of order on your first request. We now have a motion on the floor. All those in favour of adjournment?

**Mr Kormos:** A 20-minute recess, please, prior to the vote.



**The Chair:** Let me put the question first, Mr Kormos. Oh, I'm sorry, you're asking for a 20-minute recess for —

**Mr Kormos:** Prior to the vote.

**The Chair:** Prior to the vote.

**Mr Flaherty:** Mr Kormos suggests he's entitled to a recess for 20 minutes. The standing order says nothing about a recess. It says, "Immediately after the Chair of a standing or select committee has put the question on any motion, there shall be, if requested by a member of the committee, a wait of up to 20 minutes before the vote is recorded." I take that to mean that we remain in session. We can wait for 20 minutes, and the quorum will have to be maintained.

**Clerk of the Committee (Ms Donna Bryce):** I'm sorry, I was out of the room. What exactly are you asking, Mr Kormos?

**Mr Kormos:** I'm asking for a 20-minute recess. I'm entitled to —

**Clerk of the Committee:** So I take it the Chair has put the question on Mr Kennedy's amendment?

**The Chair:** No, we have put the question in regard to the motion for adjournment.

**Mr Kormos:** I understand what the Chair's concern might be. There is a motion on the floor.

**The Chair:** We are presently dealing, Mr Kormos, with your motion which you have put on the floor to amend Mr Kennedy's amendment and therefore your motion for adjournment is out of order. There's already a motion on the floor.

**Mr Kormos:** No, Chair, a motion for an adjournment can be made at any time, according to the standard rules of procedure.

**The Chair:** We will have a five-minute recess to consider that.

**Mr Kormos:** Thank you, Chair, I appreciate it.

*The committee recessed from 1351 to 1404.*

**The Chair:** Mr Kormos has moved an adjournment, and then requested under section 128(a) of the standing orders a recess of 20 minutes before the vote is recorded. I find that request in order and we are therefore recessed for 20 minutes.

*The committee recessed from 1405 to 1426.*

**The Chair:** I'll call this meeting to order. We have the question. All those in favour of the motion of adjournment?

**Mr Kormos:** Recorded vote, please.

**Ayes**

Crozier, Kormos.

**Nays**

Flaherty, Ford, Guzzo, Hudak, Ron Johnson, Parker, Rollins.

**The Chair:** The motion fails.

**Mr Kormos:** Further to my amendment to Mr Kennedy's amendment to subsection 2(2) of the bill — I believe again that the background has been laid out and I won't repeat myself — I'm convinced that the new minister would find this amendment in accordance with his sense of fairness and openness. But having said

that — and I base that not as a result of — because the problem is, nobody's seen him since August 16. It's like "Where's Waldo?" like I said before. Nobody's seen him.

I am concerned about the fact that he's increasingly — all the evidence is suggesting that he's almost being held incommunicado. We asked yesterday for him to be here. Mr Flaherty, his parliamentary assistant, declines. Mr Tsubouchi, on August 16, when he was sworn in as minister of the Ministry of Consumer and Commercial Relations, says he looks forward to the privatization process, which he refers to as modernization, but expressed no awareness that Bill 75 was even in existence or that it was within the ambit of his ministry, and then shockingly, Mr Flaherty yesterday —

**The Chair:** Mr Kormos, dealing I think with your suggestion that we vary the board to nine and not more than 19?

**Mr Kormos:** No, we're dealing with my amendment on the floor now.

**The Chair:** Yes. Isn't that your amendment?

**Mr Kormos:** I haven't moved it yet.

**The Chair:** What are you speaking to?

**Mr Kormos:** I'm speaking to the amendment to Mr Kennedy's amendment.

**The Chair:** I thought that was — I'm sorry, continue, Mr Kormos. We're dealing with a tripartite committee of the Legislature.

**Mr Kormos:** Yes.

**The Chair:** And I hope it would move quicker than our committee is moving here today, but in any event you have the floor. Please proceed.

**Mr Kormos:** Chair, you never can tell. That's a Shaw play, I think, *You Never Can Tell*, and an entertaining one at that.

Please, this happens when I — okay, you know I have to back up just a little bit to collect my thoughts.

**The Chair:** I'm sorry I disturbed your train of thought. I know how fragile that must be.

**Mr Kormos:** My apologies to you, Chair. This happens every time, though. But here we are.

In any event, my concern was for Mr Tsubouchi and the fact that he's being kept incommunicado, because on the date of his swearing in he expressed no familiarity, no knowledge of this Bill 75 or of this slot machine regime. In fact, Mr Flaherty tells the press yesterday, as reported in the *Hamilton Spectator*, "I have not spoken to him" — David Tsubouchi — "about this bill since he was appointed last week."

This is very frightening, because who's at the helm? Who's in charge? With all due respect to Mr Flaherty, I trust that he's in a line of command where he takes instructions from somebody. I don't begrudge him the role of cabinet minister, but Mike Harris has; I know the feeling. He's the parliamentary assistant. He clearly has to take direction from the minister, and it seems that the minister is not even aware that this bill is before the Legislature.

The other thing that concerns me, sir, and I'm hopeful that it was merely one of those erroneous press reports, because similarly in the *Hamilton Spectator* it suggests — and the inference is that this suggestion is as a result of the conversation with Mr Flaherty. First of all,

they say there's a filibuster being staged. Well, there's nothing more ridiculous. What a ridiculous proposition, but the press is like that. They're prone to dramatize things when drama is unwarranted. But it suggests that, whatever — they call it a filibuster — “will have no effect since the government-controlled committee will pass the video gambling bill whether the committee's work is complete or not, he said,” referring to Mr Flaherty.

Now, if Mr Flaherty said that, and I'm always concerned about there being an absence of direct quote — I appreciate there's not a direct quote there; it could be something of a paraphrase — the problem is that this committee is entitled to sit for three weeks, which means tomorrow at midnight this committee becomes functus. There was no deeming motion. There is no time allocation. If this committee doesn't complete its approval of Bill 75 by midnight tomorrow, Bill 75 then is not ready to be presented for third reading in the Legislature.

What will happen is that then Bill 75 will come before this committee as this committee sits in its regular time spot while the Legislature is sitting.

**The Chair:** I thank you for that dissertation of the standing orders. However, we are dealing with your amendment regarding a tripartite committee, and I'd ask you to speak to your amendment.

**Mr Kormos:** Thank you, Chair. I appreciate that direction. I appreciate your assistance and I'm grateful to you, sir. You've been generous with that assistance over the course of the last three weeks, and I'm grateful to you. I admire you a great deal. I have a great deal of respect for you.

**The Chair:** Thank you very much, Mr Kormos.

**Mr Kormos:** In fact, if I'm ever a Chair, you will be my model. I respect the Chair's interest in this particular amendment, the creation of a tripartite committee of the Legislature which will have the responsibility of appointing members to this Alcohol and Gaming Commission.

You see, I can't think of a fairer thing. Once again, in my gut, I can't help but think that if they were to let Dave Tsubouchi know about this amendment, if they were only to tell him about it, he'd be directing the parliamentary assistant to whip the government caucus into accepting it because it's so eminently fair. This is a downright revolutionary proposition. It's also very commonsensical, and here we have the vanguard, the soldiers — albeit absent their berets and their bandoleros — of the Common Sense Revolution, the vanguard of this new revolution, a revolution, we're told, of common sense, here with a most revolutionary and commonsensical proposition.

It's interesting, because in the three terms that I've served here at the Legislature — I'm serving the third term now rather — it's been under three governments in such short order. We're shy of one election to go full circle.

**Interjection:** Which one was the best?

**Mr Kormos:** There are people out there who would condemn each and every one of them for their own good reasons, no two ways about it. People are disinclined to like government, for a plethora of good reasons.

I understand why governments would want to retain — you see, this would resolve the problem. Mr Skarica yesterday talked about the problem. This addresses it. Committees are fine and slick, as long as you're in the government, if you have a committee wherein the majority sits with the government. Then, all of a sudden, people start crying the blues and crying foul and unfair when they're in the opposition. Again, I understand that.

The Conservatives as third party and the New Democrats as official opposition did it when the Liberals were in power between 1987 and 1990, when they had an incredible majority, not unlike yours. There were so many Liberals, they were sitting in the rump. The Conservatives and the Liberals said it about the New Democrats between 1990 and 1995. Now, here we go, full circle, Liberals and New Democrats are saying it about the Tories, or Reformers or whatever it is you want to call yourselves.

I saw Elsie Wayne on CBC Newsworld. She appeared to be calling out for elected Tory members to please come to Winnipeg, lend some moral support to the cause. I didn't see any indication of any presence of Ontario's caucus members there. I understand why these people can't go, because they're here serving this committee, but I trust that the balance of the caucus —

**Mr Guzzo:** We missed the train. Now the train's left.

**Mr Kormos:** Maybe Mr Tsubouchi is there. All that Mr Flaherty needs to do is say so. All he has to do is say so and I'll stop being so concerned for Mr Tsubouchi's wellbeing, because I genuinely am, sir. He's being kept out of the loop. He's not being told what's going on. He's not being given an opportunity. You clearly haven't taken any direction from him, because you tell us that you haven't spoken with him about Bill 75 since his appointment. Once again, who's calling the shots here? This is ominous.

You know that we've expressed a great deal of concern about organized crime and its involvement in the sale and distribution and supply of slot machines. We've relied, among other things, on the report of Corporal Kelly. We relied in part on a news article by one Richard Brennan. You'll recall that, when Brennan spoke of the 80-page secret police report on organized crime. We've called out for the production of that. Somehow, somewhere, some why, for some reason, there's been a strong, rigid reluctance on the part of the government.

There is a concern about organized crime in this particular industry, and I submit that, among other things, a tripartite committee will be far more able to protect itself against the tentacle-like infiltration of organized crime into, indeed, even this Alcohol and Gaming Commission of Ontario. Don't think that they're not going to try. If they think they can grab the brass ring instead of just being in the shadows, they're going to try to grab the brass ring. The evidence that's been available, some of which is available to you and certainly not to the opposition, confirms and illustrates that in ways that never can —

I know that some of the government's committee members are concerned. They've spoken about organized crime during the course of the hearings, about the mob



out of Buffalo or organized crime out of Quebec. They've spoken about it. I know they've expressed concern about the level of involvement of organized crime in the grey market gaming industry as it exists. Where do you think the machines come from? They come from the very same people. You won't listen.

You try to trivialize the evidence that's before you. You try to trivialize the evidence and you try to dismiss it, instead of pursuing a far more responsible course, which would be to take heed, which would be to call upon the Solicitor General to obtain for us the 80-page report that's been prepared that Richard Brennan had access to and as a result of which he was able to write the news article that I made reference to in the early part of these hearings.

You not only ignore the red flags, the caveats, but you also then let yourself be led by the nose by what has become the norm. Do I dispute that the current mode, as proposed in subsection (3), is the norm? Of course it's the norm. It's the way it's always been done. But it's the way that it's always been done that you have been critical of when you and your colleagues were in opposition, during the Peterson government and subsequently, from 1990 to 1995, during the Rae government. You promised people it wasn't going to be the same, that it was going to be done differently. What a tremendous opportunity you have as individual members with responsibilities to your own constituencies and to the province to show that you've got the courage and the gonads to stand up for what you think is right. This is your chance to do it.

1440

I'm talking about the novel proposition of a tripartite committee of the Legislature. What that means, of course, is that each caucus would be represented in a committee whose responsibility it would be to select people for appointment to the commission, to the board of directors of the commission. A tripartite committee obviously at least implies that there be equal representation. Some might refer to this as a tripartite committee, but it might as well be a non-committee. Mr Skarica as much as said that yesterday, because the fact is the government members vote not with their hearts or with their souls or with their minds, but they vote as they're whipped.

We've tabled a number — and I appreciate these are motions, as was Mr Kennedy's and my amendment here, that arise out of the course of debate, because this is a dynamic process, or at least should be, and I apologize if these weren't tabled as others were. Mind you, I have tabled three more just now with the clerk dealing with yet more proposed amendments to section 2 of the bill. These are matters that arise out of the dynamic that takes place in a committee.

Again, the observation that it doesn't have to be the way it was. It doesn't have to be appointments by Lieutenant Governor in Council to what can and should be a non-partisan committee. Now, if there is a tripartite committee with equal representation — because that's what that implies, isn't it, Chair? Equal representation. Once again, if there isn't equal representation, then it's all for naught. You might as well pack your bags and go home. A tripartite committee might result in a complete

absence of political patronage, because there really would be then the pursuit of non-partisan people.

This government may well be deluded — not diluted but deluded — by history. That is to say that I suspect — and again, who am I to say? I'm no political scientist, but then again, political scientists aren't very scientific or accurate in most of their predictions — the days of 40-year reigns are long over. The history of governments and political parties over the course of the last 10 years would tell us that as much as anything will. I think this government and its members are treading on very thin ice if they think that somehow they're going to be around as government for the next 10 or even 15 years so that they can avail themselves of the fiat power contained in subsection (3).

The Liberals were convinced after 1987 that they had it made in the shade, one of the largest majority governments this province had ever seen. So many Liberals that they had to occupy opposition benches. They were so confident that they called a premature election. I remember it. They were so confident that in 1995 they thought they were going to be returned to power. I remember New Democrats, however fecklessly, chanting, "Five more years, five more years," at a Hamilton convention in the last year of the last government's mandate. Again, it was no more realistic than the Liberal anticipation of automatically reassuming power or of my Tory colleagues' anticipation of even being returned to power.

Ask Lyn McLeod about high poll ratings. She can tell you stories about standing high in the polls. I tell you, it was awfully difficult to persuade some of my colleagues in my caucus last time around when they wanted to change the rules to prevent filibustering, for instance, in the House. They did; they used their majority to change the rules. It was awful difficult to persuade them, because the vast majority of them were first-time members, full of the proverbial pee and vinegar, and boy, they didn't like the way the opposition was being obstructionist, neither the Liberals nor the Tories, and might even have had fear of some of their own members using the right to stand in place in the Legislature. So they changed the rules.

Friends, I spoke with them in caucus, I spoke with them in privacy, and said: "You know, you live by the sword, you die by the sword. You're going to be impaled on this lance at some point in your career." All I could say was, "Trust me," and I suppose coming from a politician "Trust me" rings a little hollow. But those same people, in short order, learned exactly what I'm speaking of.

This government has a chance now to build for its future. Want to talk about the future? Fine, let's talk about the future. Let's talk about a process, because you're building this multi-faceted, regulatory body for alcohol and gaming. It has the great potential, and I believe this, to eventually be privatized. I think there's every suggestion that this is part of the privatization process. It fits in and is in sync with that route, that course this government races down. You've got the chance to make sure the system is fair for everybody involved and just for all of Ontario, whether you're in government or not, because you can set the standard now. You can say a tripartite committee rather than the fiat power of the government to appoint whom it wants when



it wants and to risk exposing this commission to influence by forces that some of you deny even exist. Some of you suggest, à la J. Edgar Hoover, that organized crime is somehow a figment of my imagination, of Corporal Kelly's in Fredericton, of the Ontario Provincial Police anti-racket squad in its 80-page report. Please, get with the program. Every indication is that slot machine regimes are to organized crime what a cowflop is to flies.

This modest amendment is an opportunity to build in some protection, some defences, and really to build for the future. Want to talk about building? Let's build a tripartite committee, because you have all three parties represented. It would effectively be pairing up, as it is a three-party system, which puts it in a far different scenario than a two-party system, because with a three-party system you avoid the prospect of a stalemate, as any even number would be in a two- or four-party system. I suppose if that changed, I suppose if yet another party were to be introduced into the Legislature — for instance, if the Reform Party were to run provincially in 1999 and result in, I suppose, either an NDP or a Liberal government, because the right-wing vote would be split all over hell's half acre, just as it could well be. I understand why you don't want to support the federal Conservative Party and why you want to disassociate yourselves from it, because the prospect of a strong federal Conservative Party could spell Liberal and, my God, indeed NDP victories, especially in western Canada come the federal election, perhaps next year.

You people have been very defensive about your own appointments and very critical of previous governments' appointments. At the same time, some of you have had occasion to be in and around the standing committee that reviews and investigates and interrogates and considers and votes on proposed appointments. Once again, one of the criticisms of the last government, which created that committee, was, "So what?" because the government members form the majority on the committee and applicants who come before the committee get themselves appointed notwithstanding the objections raised by the opposition. Was there an element of smoke and mirrors involved? Of course, there was. At the same time, having said that, it's the first time that sort of committee ever sat in review of potential appointees. Is the fix in? I suppose it is. But you now are in a position, for instance, to have an impact, to change the nature of the thrust of that process.

1450

This amendment is one which is in no way partisan. It is one which I believe reflects the views and wishes of a whole lot of Ontarians as to how they'd like to see not just this government but government in general work. I believe that. Again, if David Tsubouchi weren't being kept incommunicado from what this process is — I have grave concerns about that — I'm confident that Mr Tsubouchi would be looking at this and be prepared to tell his parliamentary assistant — maybe the PA is on the phone with David Tsubouchi now, but somehow, somewhere, I don't think so.

At the same time, the PA's got to know that if this bill doesn't pass committee by tomorrow at midnight, then this bill cannot be presented for third reading. Mr Tsu-

bouchi will be in the House, where he's going to be obliged to answer questions, while this bill is still coming back to the committee two and three hours a week at a time. I predict, boy, as each day passes, that the number of amendments that can be proposed to this bill increases to the point where it's going to be — boy, oh boy, it won't have a snowball's chance in hell of ever seeing daylight until at least 1997.

Why don't we do this now? Here's an amendment, and I would dearly love to have the endorsement of the minister. I'd clearly love to have a minister who was apprised of the situation, but for some reason the government and its henchmen don't. Poor Mr Tsubouchi. Where's David? He's being kept out of the loop.

I don't know if Mr Crozier's indicated to you, Chair; he's certainly indicated to me — and I must say I'm not sure whether he's going to support this amendment. I understand. There's been some, I suppose, philosophical distinction, although we've been on side in terms of our opposition to slots, but some of the subtleties. You saw it yesterday with Mr Kennedy and myself, where I was prepared to support Mr Kennedy. But Jeez, there he was; he wasn't prepared to support me. But that's okay; I understand that.

I have yet to speak to his amendment. The clerk is distributing now a number of further amendments to section 2 which I shall be moving in due course. I have yet to speak to Mr Kennedy's amendment. I hope that I'll have the chance to speak to it as amended by mine, because I believe mine fleshes it out. I believe my amendment gives Mr Kennedy's amendment flesh and substance.

I'm urging people, I'm exhorting you to support this amendment. You will have served your communities well, you will have served your revolution well, you will have served the captain of your revolution well, you will have become true players in the cause of the revolution if you go so far as to say that pork-barrelling has no place in Ontario, if you continue to reject pork-barrelling, as you can by supporting this amendment, as you purported to reject it during the course of the last government and during the course of the Peterson government before that, unless you too have changed your minds about pork-barrelling, unless you too have changed your minds about crass political patronage, unless you too have changed your minds about the responsibility of opposition members to speak out loudly and clearly, as Bob Runciman did.

I remember Bob Runciman when the Liberals had their Bill 68. Bob Runciman was standing up there firm and hard, fighting in partnership with the other opposition party, which happened to be the New Democrats at the time, hard and fast against Bill 68. Bob Runciman was a person who stood up in opposition and took on government, and he did it when the New Democrats were there too. Just as I consider you very much a model for me, should I ever have the privilege of being a Chair, Bob Runciman is very much my hero. Much of what I do now is based on what I learned from Bob Runciman, and I'm grateful to Bob for that; I truly am. I was just a young guy elected here in 1988 and there was Bob Runciman standing firm, a member of a small party, the third party.



It appeared that the cause was lost, but Runciman stood up and took on one of the biggest governments this province has ever seen. I was proud to stand beside Bob Runciman who in those days was a real Progressive Conservative.

I'm looking forward to hearing what the government has to say about this amendment because its constituents have a right to know where it stands too. Their constituents should know whether or not they support pork-barrelling or whether they support open appointments. The members of their ridings, the citizens in their communities have to know whether they're really revolutionaries or whether they're just renegade reactionaries trying to take us back into the last century instead of into the next. I count on them.

I'm proud that Mr Flaherty may well be on the phone now with Tsubouchi, but somehow I suspect he's far more likely to be on the phone to, oh, Tom Long than he is David Tsubouchi, or to the governor of New Jersey, because she's back from San Diego by now, I'm sure of that.

**Mr Mario Sergio (Yorkview):** Ernie Eves.

**Mr Kormos:** Somebody's suggesting he'd be on the phone to Ernie. We know where Ernie stands on the issue. Ernie doesn't like slots. Ernie's fundamentally opposed to them. Ernie Eves thinks that slot machines bring crime, bring prostitution, bring social costs that may well outweigh whatever — please, friends, that's what he believes, that's what he said. So I know Mr Flaherty isn't calling Ernie Eves.

I know he's not calling Mike Harris because, my God, Mike Harris fought the casinos of the last government — well, the one casino; there was only one. He fought the casino at Windsor. He stood up and spoke out against them. Mike Harris had some very clear things to say about slot machines too — that they were devious, insidious things. Mike Harris had strong things to say about the types of gambling regimes that are being introduced by this committee, notwithstanding the earnest and subtle efforts, because really they are subtle efforts, of the opposition.

I appreciate what you're saying, but I don't think he's on the phone to Ernie. He can't be on the phone to Mike.

**Mr Sergio:** It could be Vegas.

**Mr Kormos:** Ultimately that's where the real bosses are going to be — Vegas; Atlantic City; Baton Rouge, Louisiana. That's the heartland of the type of organizations that manufacture, distribute and control these machines. It's the heartland of the places in North America that want to peddle these to people under the guise of entertainment.

So you're right, sir. Maybe Mr Flaherty's on the phone to Vegas. To which mob boss I don't know. He won't come clean. He won't answer questions. He shrugs and says, "I don't know." If you ask Mr Flaherty questions, he says, "I don't know." We ask him to bring Mr Tsubouchi here; he says: "I can't. I won't." He won't even talk to Mr Tsubouchi about what's going on here. Mr Tsubouchi's being kept in the dark. As it is today, gentlemen, please support this amendment.

Mr Crozier, I defer to you. There may well be issues raised by Mr Crozier or by the Conservative members

that I'll feel compelled to respond to. I hope they don't raise matters that I feel compelled to respond to because, Lord knows, we want this to move along. But I know that Mr Crozier wanted to speak to it. Thank you kindly, Chair.

**The Chair:** Thank you very much, Mr Kormos. The committee welcomes Mr Sergio to our activities here. Mr Crozier has the floor.

1500

**Mr Crozier:** I appreciate the opportunity to speak to this amendment. Mr Kormos's amendment has raised some very interesting points, notwithstanding the fact that I spoke earlier in favour of Mr Kennedy's amendment to section 2, that we appoint someone in the field of public health or charitable organizations. I spoke in favour of that, yet Mr Kormos's amendment brings a whole new dimension to the discussion. Mr Kormos, by the end of my comments I hope I will be able to decide whether it's better to support your amendment or the other amendment, but I'll try and decide as I go along.

**Mr Kormos:** I'm going to listen carefully, sir. Please don't go quickly because I want to make notes.

**Mr Crozier:** What has been raised is that — I refer back to comments that Mr Kormos has made as well — I think that Minister Tsubouchi would be interested to be here and hear this debate because the appointment of the commission sets the whole tone for the bill.

It's interesting how we've been on the road for three weeks now and have been guided very well by the Chair, and comments by the parliamentary assistant have been helpful. But little note has been made of some of the small parts of this bill. One would normally look at the big picture, look at issues like slot machines that are disturbing to all of us, and might overlook a couple of little paragraphs, as we have here in subsection 2(2), "The commission shall have a board of directors consisting of the members appointed under subsection (3)," and it goes on to say, "All of the members of the board, of whom there shall be at least five, shall be appointed by the Lieutenant Governor in Council."

That seems pretty innocent, so we don't pay a lot of attention to that. I suppose a lot of other bills that we deal with have very much the same wording in them. Yet Mr Kormos has brought an interesting, innovative and democratic idea to us, that we should consider inserting the words "by a tripartite committee of the Legislature." That, when you reflect on it, is probably one of the better ways to handle this situation. Let me suggest why that might be the case.

During the committee hearings we had the opportunity to hear what I entered in the record on several occasions: some excerpts from a paper called "Hardly a Quick Fix: Casino Gambling in Canada," by L.E. Henriksson of Vancouver. In that paper Mr Henriksson refers to the selection of regulatory officials, because that's really what we're looking at here: the process under which we're going to select the officials who are going to set the tone of how this new commission operates. This paper says:

"Policymakers must decide who should regulate the operation of," in this case, "casinos," but I think that can be taken in a broader sense of the liquor and gaming



commission. "Other jurisdictions have found that professional capacity and technical expertise are needed to confront the complex policy issues.... However, the use of experts as regulators is not without problems. Although detailed firsthand expertise on gambling will tend to reside among those who are financially supported by the industry to one extent or another" — that was in a study by Simurda in 1994 and I emphasize that; in other words, vested interests, and he's cautioning about that — "the overuse of those individuals will make it difficult to prevent current or future conflicts of interest...."

That brings me back to Mr Kormos's amendment, because I think in part — he may want to comment on this — he's saying that with a tripartite committee, with a committee of dedicated, elected, responsible officials, that committee might better be able to avoid someone who is "financially supported by the industry to one extent or another." That's partly what we're afraid of here.

Many of you will know, and some may not so I'd just like to review it very briefly for you, that we have at the present time A Guide to Agencies, Boards and Commissions. This one was published in 1995 and was sent out by the Premier's office in August last year. The Premier's office was pleased to provide us with a copy of this publication. I want to point out here that there is a system in place now by which appointees to agencies, boards and commissions are made. When I say "system," it's a process that has its flaws. It outlines here how you apply, whether you're applying for a schedule 1 agency, a schedule 2 agency or what type of agency you're applying for, so the process is all laid out.

Like these little words here that say, "The commission shall be appointed by the Lieutenant Governor in Council," it all seems very innocent, but I sit on the government agencies committee and I think Mr Kormos has struck on something here that can even be fairer than that committee is. If you're not familiar with the process, the orders in council come from the Premier's office, hundreds of appointments, political appointments I think for the most part, partisan appointments, patronage appointments.

When we're talking about these kinds of appointments, I'm reminded of when Brian Mulroney was elected. Do you remember Brian Mulroney? He's still in the paper fighting battles with the people of Canada. He wants — what? — \$50 million of our money now, I think. When Brian Mulroney was elected Prime Minister, a person I know very well was appointed to a board of one of the major transportation companies in Canada, so I called him and congratulated him on the appointment. He was quick to say, "This is no patronage appointment." He was qualified, not in transportation but certainly as far as a director of a company. He said, "This is no patronage appointment." I said: "Look, don't worry. I understand. I understand how the system works. All I want to do is, when the government changes, I want you to teach me well so I can then take your place."

1510

We all know how the system works and we try and put in place things like the appointments secretariat and we —

**Mr Flaherty:** At least he didn't make his nephew ambassador to Washington.

**Mr Guzzo:** Mr Chair, on a point of order: Do you really want to talk about the Prime Minister making his nephew ambassador to Washington?

**The Chair:** I think you've wandered a little off topic, Mr Crozier.

**Mr Crozier:** No, not at all. I'm talking about what the best method is to appoint people to positions of power and I was only using an example. I'm sure there are many others and I acknowledged that I understood the system. It's the sham that sometimes is put forward to let people believe there is another system, and I think that's what Mr Kormos's motion is getting to. It can be truly a tripartite committee. What we have now with the government agencies committee is seven members of the government, three members of the official opposition and two members of the third party. It doesn't matter what appointments come before the board; save two — I'll give the government credit on two of those — they pass. In fact, the whip of that committee, Mr Wood — it's in Hansard — acknowledged during one of the committee meetings that yes, they're political appointments and more or less said, "What are you going to do about it?" This gets to that. I think this is an opportunity, as Mr Kormos has proposed, to do something a little different.

What happens on the government agencies committee, and what would happen with appointments to the liquor and gaming commission, is that a couple of the political people in the Premier's office would review some names, these would pass through the government office, they would be brought before the cabinet, they would be issued in orders of council and the government agencies committee would have an opportunity to interview those appointments and concur on the appointments. But the interesting thing is that it doesn't matter a hoot what the government agencies committee does. If the whole committee decided to vote against the appointment the Premier could still have it continue through.

It's a process that has no teeth, much as one of the government members mentioned yesterday, who felt this whole process over the last three weeks has had no teeth. I choose to hope differently from that.

I said I would give two examples of where that process for whatever reason worked. There was an appointment to a particular board that raised the eyebrows of even the government committee, but rather than vote against it the name was withdrawn, and I think in this case appropriately so.

When we say we have a system in place now that's transparent, that's not really the case and I think this amendment would go to assisting that in some way. Not only is it important whom we appoint to these boards and the qualifications, the integrity and the honesty — we're going to get a chance to speak to that in section 3, where these appointees have to act in accordance with the principles of honesty, integrity and social responsibility — not only do we have to be careful that we appoint those kinds of individuals, but we have to consider other ramifications of the appointments we're making.

For example, and I don't know whether this will change, because the Ontario Gaming Control Commission



and the Liquor Control Board of Ontario will change, but it would perhaps interest you to know that at the present time the gaming control commission administers the act and its regulations "in the public interest and in accordance with the principles" — here it is again — "of honesty and integrity."

So when the appointments are made to this liquor and gaming commission, for what I suggest will probably be the same remuneration as they're presently being paid, \$200 per day — gee, that's pretty good. I was quite willing to give up the \$76 per diem that we used to get for sitting on committees in intercession because I figure I'm adequately paid for what I do throughout the rest of the year, but look at this. It's \$200 a day. They're paid almost three times what committee members used to be paid in the intercession.

Then on the Liquor Control Board of Ontario at the present time — and again, we're going to amalgamate these — with their added responsibility, they may even be paid more per day, because certainly their responsibility is going to be almost doubled when they have not only liquor or alcohol or ethyl alcohol to be concerned about but they're going to have gaming. They're going to have to attempt the control and the distribution of these insidious little slot machines, so I think their responsibility is going to be increased considerably, and therefore the work that they're going to have to do.

But the liquor control board at the present time pays its appointees, other than the full-time chair, Andy Brandt, a nice fellow whom I've never known in the Legislature but who, I understand from those who worked with him, was an honourable person — but the regular members of that board are paid \$100 a day. So here we've got the gaming control commission presently being paid \$200 a day and the Liquor Control Board of Ontario appointees being paid \$100 a day.

By the way, the function of the liquor control board, I suggest, will probably remain somewhat the same. It regulates the sale and transportation of liquor for home consumption and liquor sales to licensed establishments through board stores and Brewers Retail and winery outlets of Ontario. They're paid \$100 a day for that. We've got the Liquor Licence Board of Ontario, and I think it's a good part of Bill 75 where it's trying to consolidate some of the regulatory functions of these boards and commissions and separate that from the sales side.

But my point is, back to the amendment, that it's important that we have in place a method of appointing members of these boards and commissions who have principles of honesty and integrity. I think a good way to do that is with a tripartite committee of the Legislature, because who could be fairer than that? Even though, to some extent, that doesn't satisfy the original amendment that we're talking to, I think it could be a result of it, because probably this tripartite committee would have the knowledge and the will to take into consideration all those different members of society that we need appointed to these boards.

In fact, I think it was one of these that even said that one of these boards and commissions — and you just have to give me a second, because they had a good way

of expressing how it should involve various members of the community. I won't hold us up, because I can't lay my finger on that right now, but they often say under membership just what fine people it is they want to have and what —

**Mr Guzzo:** Take your time to find it.

**Mr Crozier:** If you wouldn't mind, sure.

**Mr Guzzo:** It's the most intelligent thing I've heard you say since I've been here.

**Mr Crozier:** I'll take a little while. You know, sir, you haven't been very complimentary to me at any time in these meetings. Frankly, I've gotten to the point where what Mr Guzzo says can't hurt me. I don't always share his opinion. In fact, at one point, he even suggested I didn't share his intelligence. But, you know, that doesn't matter much to me. The people in Essex South are happy, and they're really the only ones that I have to keep happy, so what Mr Guzzo says to me doesn't matter much any more.

I like to listen to what other members of this committee have to say, though, although we've only had one member of the government speak up on this bill. The rest of the time it's been the kind of comments that Mr Guzzo has made that are rather uncomplimentary. But what the heck, I consider where they're coming from.

1520

**Mr Clement:** Let's get to the substance of this.

**Mr Crozier:** That's what I'm trying to do, but had you or Mr Guzzo not interjected —

**The Chair:** Thank you, Mr Crozier.

**Mr Crozier:** — I probably could do that, because I'm talking about the quality of people who are appointed to these boards and commissions. That's all I'm getting at.

**The Chair:** Thank you, Mr Crozier. Did you —

**Mr Crozier:** I'm back to it now.

**The Chair:** Oh, you're back to it? Okay.

**Mr Crozier:** It was the interjections that kind of took me off guard.

What we're trying to do is to set up a method of appointing members to the commission who will be above reproach, who will not be, as it says here, officials who might be influenced by those who have a vested interest. I think Mr Kormos may have hit on something here, because again, the way the government agencies committee works now — and I think one or two of the members of the government who are here today have sat in on the committee at one time or another — all it really does is give us an opportunity to bring someone before the committee and it has little effect on whether they're going to be eventually approved and put on this commission. I think it's important that we have the quality of people appointed to these boards who will work with principles of honesty and integrity and social responsibility.

As I pointed out to Mr Kormos when I started this, I think that because he's come up with such a novel idea and one that seems eminently fair to me, I would be prepared to support this amendment. I'm not sure how the committee is going to treat the amendment to section 2 that's been put forward by Mr Kennedy, and I think in the context of this that we can be satisfied as well. So I would support this amendment, and if, as you have stated,



save one, you're open-minded, you're open for suggestions, I would encourage the government to support this amendment as well.

**The Chair:** The committee welcomes Mr Curling, but unfortunately, Mr Curling, Mr Johnson and Mr Kormos have requested the opportunity to speak and unless they defer to you, you're third.

**Mr Kormos:** I defer to Mr Curling, of course.

**The Chair:** Mr Johnson?

**Mr Ron Johnson (Brantford):** I don't.

**Mr Alvin Curling (Scarborough North):** That's all right. I'll wait.

**Mr Ron Johnson:** I'm only going to be a second, Mr Chair, and I ask for some latitude. Given the latitude that other members have had, I expect that I could have about a minute just to clarify this. There was a request made by Mr Ramsay earlier with respect to Bill Davis and Marshall Pollock and the connection there.

**The Chair:** You're not speaking to the amendment.

**Mr Ron Johnson:** I can speak to the amendment if you wish, and I'll just work this in.

**The Chair:** That material has been distributed. I was going to do that at some pause. But you must speak to the amendment. I've tried to guide other members in speaking to the amendment. We have the amendment before us and that is what you shall speak to.

**Mr Clement:** A point of order, Mr Chairman: As the member for Brampton South, am I to take it that your ruling is that my colleague from Brantford cannot enter into the record that there is no connection that was deemed to be found between Marshall Pollock and William Davis?

**The Chair:** No, he can enter that in at the appropriate moment. This isn't the appropriate moment. Mr Johnson.

**Mr Kormos:** What about slots and the mob? Is there no connection between slots and the mob? That's what we really want to know.

**Mr Ron Johnson:** Mr Chair, I will defer to Mr Curling and I will make my point that there has been no connection between the two later on.

**Mr Kormos:** Show us your research.

**The Chair:** Mr Curling.

*Interjections.*

**The Chair:** Mr Curling has the floor; some courtesy.

**Mr Curling:** Thank you very much, Mr Chairman. I'm happy to speak on this amendment, which I think is extremely important in the democratic process. As we know, the common sense this government brings forward likes to see that it is fair and very democratic. I know that in the past I have sat on committees that are trying to appoint people to boards and commissions and we've always had the problem and the concerns, especially of the members of the Conservative Party who felt that most of these appointments are not being done in a proper way. When we say "appointed by the Lieutenant Governor in Council," we find that some minister or so would like to have a friend in their constituency appointed and he should come before us and it's a done deal. We hope that this kind of done deal stuff is all over and done with and that we can start now to appoint proper people to boards, especially on this very important board dealing with alcohol and gambling and gaming, as a matter of

fact, that we have people with honesty, we have people, of course, with principles and integrity and social responsibility.

Now who should judge those? Is it one party that should do this or should it be a group of people selected from all three parties who would make a presentation and make that kind of selection? I would go very much so that that's the way it should go, more than have it being done by the Lieutenant Governor.

The record of this government is to push things through and do it their way or no way, and you know the consequence of that, Mr Chairman. You were, as a matter of fact, concerned when all that was happening in Bill 26, that the people should participate, even those who are elected should participate. What an opportunity you have now in which to do that. The amendments to this are quite important. It sends a very clear signal that not only when we're dealing with things like alcohol and gaming do we have people with all those principles, who have those qualities. That is why I think it's so important that we cannot rush this thing at all. We shouldn't really rush and we should make sure that these things are done in the proper way.

If you folks are convinced that this is the way it should be done — you know, they use the term quite often, Mr Chairman, the "status quo." "The status quo is not working, so we must change the status quo." Okay, here's an opportunity now. The status quo of appointments to boards and commissions in the normal way of whether someone is from your riding association or someone had contributed very heavily to the party — "Well, here is what we can do to pay off one of the brothers or the sisters." No, I don't think that's the way because this is too much of an important issue, too much of an important agency and board to serve on to do it in that manner.

Here is an opportunity now that I want to support very strongly, that a new system be set up that in a way, as the amendment — and you know the amendment has been read, which was moved by Mr Kennedy and was amended, subsection 2(2) of the schedule, deleting under subsection (3) and inserting the words "by a tripartite committee of the Legislature for the purpose of appointing members of the board of directors of the commission."

If any one of the members over there would argue or would want to contribute later on to that amendment, I will gladly support them, because I know they will see the common sense in it. Since they throw the word around, it's a democratic way of doing things. Let us move the status quo in a different direction, as you say.

I'm coming out of another meeting in which they're throwing around the same thing, dealing with the rent control situation, and they want to make sure that everyone participates and everyone contributes, because laws are made for the people and by the people. This is a matter of confidence of the people that you'll be earning by making sure a tripartite committee does these sort of appointments to the commission. We have gone through some very, very difficult times where we have seen boards and commissions which are extremely ineffective.

The reason for that: We found that people were not qualified to carry out the duties. We found that some of



the people lacked integrity and honesty. We want to make sure this does not happen.

1530

Let me tell you why it is important, especially for this one. Let's look at gaming, which is really gambling. We know it's quite addictive, and I'll deal with alcohol a little later on. Many people who are at the casinos or wherever they are find that they're just going for a little fun, just one little fun, to have some recreation.

Later on, from that point of view, they found that the grocery money went. They found later on that not only the mortgage money went, but that they'd gambled the house away. They gamble the lives of their children and their wives and the whole purpose of survival is all down the drain, and no one is there who's looking after the welfare of those individuals. Committees like these have to have individuals who are quite sensitive, who have the kind of integrity and honesty and the principles to carry that out.

It is important, and right now we are so hungry and so eager to get some bucks to pay off some debts that we'll do anything. We're going to legalize everything. We're going to legalize gambling so we can get some quick bucks because it's a good amount of money. I recall when we had the first nations people who were doing some of their gambling up there and how people were so upset about it, and all of a sudden it's legal now so it's okay for everyone to gamble. If that is okay, we have to have proper policies, proper regulations, proper monitoring of that issue. If we're going to appoint people to those boards, we must be extremely careful about this.

Let me just mention a bit why it's important, because that's on the gaming side. I can go on for days about the addiction aspect of that. Many people are hooked. I was down in Windsor the other day and I peeped into the casino. I didn't see any big wheelers or rich people. I saw ordinary people who are, when I spoke to them, day to day trying their best to make ends meet, hoping the big day will come true. We've got to make sure this legislation is properly monitored.

Alcohol, one of the biggest destroyers of some social fabric in our society — I'll tell you, if you think that cigarette smoking is bad, check alcohol. It broke up families. The health bills —

**Mr Ron Johnson:** Is that to the amendment, Mr Chairman, alcohol? Is that to the amendment?

**The Chair:** Technically, we're talking about the composition of a board, and that board will deal with both gambling and alcohol, and it is on the peripheral edge of the subject.

**Mr Curling:** I don't think it's such a peripheral at all. As a matter of fact, I'm glad I woke up the honourable member. If you were listening before, you would realize it wouldn't be on the peripheral. It's really a part of it, you see.

**Mr Ron Johnson:** Where have you been for three weeks? You haven't even been here.

*Interjections.*

**The Chair:** Mr Curling has the floor and please proceed, sir.

**Mr Curling:** Thank you very much, Mr Chairman. I'm glad that —

**Mr Ron Johnson:** Self-righteous crap.

**Mr Crozier:** I think we've all made substitutions.

**Mr Curling:** Yes. In regard to alcohol, as I was saying, if we're going to have a board to look after those legislations, look after the monitoring and the management of this extremely important issue, we must keep in mind that alcohol, as I said, is one of the greatest destroyers of our society, one of the greatest costs to our health system, and how we distribute it, how we handle it and what level of alcohol, what percentage within any sort of drinks is very important. The fact is that we have to be extremely careful. We cannot make this a political issue. We cannot make this a partisan issue. It's an issue that comes to the core and the heart of all society. If we decide that we should appoint members of this board, we must make sure that the character, the quality of that individual is one we can rest assured understands the issues.

One of the things we should be doing, before we even do this appointing, is we should go and talk to Alcoholics Anonymous and Gamblers Anonymous, visit them, ask them some of the implications and some of the challenges they face, then ask them what type of individuals should be on these kinds of boards. They could sit you down, because of their years of experience in dealing with and seeing these issues from all angles, and be able to tell you, those who will be monitoring this board and those who will be looking at the situation, to make sure this happens and to make sure that happens, because in the past this is what has been happening to our society.

They will tell you how families have been destroyed because of alcohol. Also, of course, they can tell you some of the benefits of alcohol. I'm not yet quite sure of the great benefits of alcohol. I presume there are some benefits of alcohol. I'm not a drinker, so I really can't expound on many of the great facts of alcohol. But I know, of course, there's great use for it.

They will be able to tell you, Alcoholics Anonymous, over the years and years what has happened. They will tell you that they have seen families that were secure and doing very well; then one individual not only destroyed the family because they spent all the money buying alcohol, but there was the psychological pressure that was placed, the assault that was placed on the family. Young ones have left home because they can't deal with a parent who is an alcoholic. They've also seen young ones who at the age of 12 or 13 have turned to alcohol and destroyed their lives and their health.

We must make sure then that those on that board understand that kind of issue. We must make sure that when we speak of the high costs of health care, if we can look within health care and find out how much money's been paid out because someone's liver has been destroyed because of alcohol. The high cost of health care which we are talking about today, closing down hospitals and all that because of the cost: You'd be surprised at the cost of what alcohol has done to our society. As I said, I'm not only speaking of the health costs, I'm talking about the psychological destruction of families.

I want very much, before you move ahead on this issue, that you say to yourself, "I have checked with Alcoholics Anonymous, I have checked with those

individuals who have dealt with this issue for so long." They will say to you, "Since you insist on proceeding, there must be reputable people on this board."

In regard to gaming, I just want to mention one more time about — go back to gaming. It's a new thing now in this province, gaming. It's new that they're going to legalize it, and they're expanding it.

**Mr Flaherty:** You brought it in in the 1980s. The Liberals brought it in. Monte Carlo nights. What do you mean now?

**Mr Ron Johnson:** Self-righteous crap.

**Mr Curling:** Rattling the cages over there, Mr Chairman.

**The Chair:** I'm sure Mr Curling acknowledges he was part of the government that brought gaming to the province, but —

**Mr Curling:** And I'm sure that I must have touched — I hope you're not visiting the gaming house and destroying everybody's family there.

We may talk about who introduced it. It reminds me of rent control. Everybody over there is saying: "Oh, I didn't introduce it. I was forced by the NDP." That's what the Tories are saying, and the Liberals have carried it on. Then the Tories say, "Well, we'll kill it."

1540

Now, listen, we're not talking about that. We're talking about people's lives. We're talking about people's lives, about alcohol and about gaming. This is what Mr Chairman wanted me to come back to and I'm right back at it. Forget about putting the blame, because that's all you do, put the blame and not do the right thing. I want you to do the right thing. Do the right thing here. I want you to do the right thing.

As a matter of fact, I have a little bit of disappointment too. I'm disappointed the minister is not here because I want this to be heard, not read. I want this —

*Interjections.*

**The Chair:** Mr Curling has the floor.

**Mr Curling:** They seem to be restless here.

**Mr Kormos:** You struck a nerve, Alvin.

**Mr Curling:** Yes. I would have liked the minister to be here because I feel passionate about this. I'm trying to get through to these gentlemen over there, the members of the caucus. I know you say "please" about gentlemen. It's rather difficult, but I'm using the word rather loosely.

I wanted to get through to the minister because when I was a minister I sat and listened to the concerns closely, because I didn't want any bureaucrat telling me what to do. The bureaucrats are paid, of course, and do a hell of a good job. They are paid to carry out some of the direction and leadership of ministers or a government. The lack of leadership we're seeing here makes the job of the bureaucrat more difficult. I say too that if you don't appoint proper people to these agencies, it makes the job more difficult. It makes it much more difficult. If you appoint people, as I said, because they live in your riding or because they have knocked at so many doors for you in the campaign, it's wrong. You're dealing with people's lives, and I had hoped the minister would be here for me to tell him directly.

**Mr Crozier:** Tsubouchi's in hiding.

**Mr Kormos:** Which minister?

**Mr Curling:** Who is the minister today? I don't know, they're changing them. Tsubouchi. He's on the briefing, I presume. I could caution them that I hope that if the bureaucrats are right and they're lying for Tsubouchi —

**The Chair:** I think you're getting a little off topic.

**Mr Curling:** I've said I would like the minister to be here to listen to —

**The Chair:** Yes, but that is not what we're dealing with. We're dealing with an amendment put forth by —

*Interjections.*

**The Chair:** Gentlemen. Mr Flaherty and Mr Kormos, could I have your attention? Mr Curling, we're dealing with the amendment. Please proceed.

**Mr Curling:** The reason I raised the minister was because I thought he would have been interested in this amendment.

**The Chair:** Yes, but it has nothing to do with this particular amendment.

**Mr Curling:** Nothing to do with him?

**The Chair:** If you'd confine yourself to the amendment, I'd appreciate it.

**Mr Curling:** It is the amendment. Let's put it this way: I hope that he reads the amendment and that he can see the emotion and the passion, in reading the Hansard, about how I feel about this and how it should be done, about how he should support this, because I know — you and I know, Mr Chairman, that no matter what I say here, they have closed their ears to this and they will vote, one, two, three, four, five. They say: "We can outnumber them. We don't have to listen."

This amendment is important, and I'm appealing — this is difficult now — to the hearts of the Conservatives. This is more difficult. I'm appealing to the minds of the Conservatives. This is more difficult. I hope that if I can even get to the minds of them — I'd better leave it to the hearts. It's difficult, but I'll try to get to the hearts of the Conservatives because in the way things are being done these days, the amendment here, which is the heart of society, who serves on the board, they will then say it doesn't matter if we have five or six over there and over here only have three to vote on it, that he said: "You know what? We have to have the right people on this board. We've got to make sure they're honest. We've got to make sure that they have integrity, to make sure that they understand the issue, that they make sure about all of this, because if we are not, the problem —

**Mr Clement:** You're going to appoint Patti Starr again?

*Interjections.*

**Mr Curling:** You want me to bring up —

**Mr Ron Johnson:** Come on, bring her out, mention her name into that mike.

*Interjections.*

**The Chair:** Mr Curling has the floor.

**Mr Ron Johnson:** You're a coward. That's what you are.

**Mr Curling:** I'm a coward.

**The Chair:** Excuse me, Mr Curling has the floor.

**Mr Curling:** I'm saying to you, where is the integrity? I want to search for the hearts and the integrity of those people over there.



I want to say to you, if you are leaders and if you are concerned about this issue as deeply as I am and my colleagues over here are, what you would do, you'd search and, if you find yourself a heart then say: "I think he's right. I'll go beyond all of that and I will make sure the people who serve on these boards are individuals who have those qualities."

I appeal to the members. Although they are heckling over there, I'm appealing to them that we both be leaders, be sensitive, have a heart, have a conscience, have some common sense as you search for it. Have some of that and say to yourselves, "I will appoint a tripartite group of the three parties' selection of one, maybe three individuals who will make these appointments."

That I sat on committees like that, these appointments. I sat and people have come in here and I asked them what is it they're being appointed to. Do you know, Mr Chairman, they did not know? They didn't even know the board they're being appointed to, much less to understand the issue. I'm saying that at times even no matter how we speak to those individuals, the government of the day, because it had been arranged, will say, "That's one you vote for." They'll be given their marching orders who to appoint on that board. The minister will not consult with you. The only time the minister will consult with them is when he said, "Do you have anybody who'd like to serve on a board?" He said, "So-and-so will be happy to serve on a board. Just give me your name because we need some on that board." That's not the way to run a country; that's not the way to run a province; that's not the way to run a government. So I want to appeal to you all, do the right thing.

*Interjection.*

**Mr Curling:** Am I boring you?

**Mr Ron Johnson:** Oh, you betcha.

**Mr Curling:** It seems to me —

**The Chair:** Excuse me, Mr Curling, you're not here to ask questions. Please proceed with your presentation.

**Mr Ron Johnson:** No question about it.

**Mr Kormos:** It's a rhetorical question.

**Mr Curling:** Yes. I wasn't asking a question, it was rhetorical, sir.

*Interjections.*

**Mr Curling:** Am I boring the Conservative members there? It seems so because what has happened to them is that they're not focused on the issue. They're not focused. They came here just to carry through the orders of the minister and just to carry through the orders of the day.

**Mr Ron Johnson:** Where have you been for three weeks?

**Mr Curling:** While the member asks me where have I been for three weeks —

**Mr Crozier:** He's an elected member. He can sit in any time he wants.

**Mr Ron Johnson:** Sure he can. Absolutely.

**Mr Curling:** I was doing —

**Mr Ron Johnson:** He can't pretend that he heard all the submissions —

**Mr Curling:** — reading most of these presentations and reading the legislation and following in detail what is happening here, being concerned about the people of

Ontario, being concerned about how this gaming thing will be managed, how this alcohol thing will be managed. I was concerned.

So what I was doing for three weeks — I don't ask the other members what they were doing. I am sure every single one of them was reading this legislation in detail. I am sure they were listening and they were visiting many people who have been impacted by this legislation and I'm sure, as they are sure that I am doing the same thing, doing the work of the people of Ontario, making sure that we have proper legislation, making sure of course that we get the best law for the people, and this amendment will do that. So I'm going to ask you for your support and I know you will. I know you will. You have a heart; find one. Thank you.

**The Chair:** Thank you very much, Mr Curling, and I hope you can stay with us for the remainder of our sittings today because this is a very difficult working committee.

**Mr Curling:** I serve the people.

1550

**Mr Kormos:** I appreciate the comments that Mr Curling and Mr Crozier had to make to this amendment. I know we can count on Mr Curling to be here later tonight, be it 11 pm or 1 am. By God, he's done it before and I'm confident he'll do it again.

I found it particularly noteworthy, and I feel compelled — you know I don't like to needlessly argue the point — as a result of issues raised by Mr Crozier and Mr Curling — and I should say this: I'm pleased to see Mr Curling here. He's not obliged to be here. I know his whip didn't send him here. He of course has no vote on the committee but, notwithstanding that, he comes to this committee out of interest in the issue, recognizing that his party, in association with the other opposition party, is resisting a very powerful trend, a very powerful movement, a very powerful lobby, and powerful in a multitude of ways — not just economically powerful, but powerful in terms of brute force I suggest too.

I admire Mr Curling and I welcome —

**The Chair:** Excuse me, Mr Kormos. I don't personally see — no doubt you can try to explain to me the relationship between what you're talking about now and your amendment.

**Mr Kormos:** You know, sometimes one has to lay a little groundwork. I admire —

**The Chair:** Yes.

**Mr Kormos:** I have to respond to what Mr Curling had to say.

**The Chair:** Please respond to what he said rather than dealing with the personality.

**Mr Kormos:** Mr Curling raises issues about the history of appointments and that sort of thing here in the province of Ontario and not — quorum, please, Chair. We need a quorum.

**The Chair:** Could I have a quorum count?

**Mr Kormos:** Now we've got one. We didn't have a quorum there and now we've got one. I don't know why the government, with all the participation —

**Mr Flaherty:** You're going to start talking about that? We're going to start talking about how many of your members sat in on the hearings.

**Mr Kormos:** — all the members they've got on this side, can't maintain a quorum. My God, Chair.

**Mr Flaherty:** Don't get into that. Where are the members of the New Democratic Party?

**Mr Kormos:** I was there. Did you want any more than me?

**The Chair:** Gentlemen, Mr Kormos has the floor.

**Mr Kormos:** How many did you want there, Mr Flaherty?

**Mr Flaherty:** I'd like to have the one who made the agreement to finish the hearings today, Marion Boyd.

**Mr Kormos:** Oh, that's not true. You're full of it.

**The Chair:** Gentlemen.

**Mr Kormos:** You're full of it.

**Mr Flaherty:** The agreement that you're breaching.

**Mr Kormos:** No, I'm not breaching anything. You're breaching your trust with the people of this province by your partnership with the mob to put slot machines in every corner of every neighbourhood in this province.

*Interjection.*

**Mr Kormos:** Don't give me lectures on integrity. You guys have already been corrupted. You're in the back pockets of organized crime. You're interested only in the profits that —

**The Chair:** Mr Kormos.

**Mr Kormos:** — and your minister doesn't give a tinker's dam. Your minister doesn't even know what's going on. Your minister has no idea what's going on.

*Interjection.*

**The Chair:** Mr Flaherty, Mr Kormos has the floor. And again you have used unparliamentary innuendo, Mr Kormos. I point that out to you. That's about the eighth time. I've made my views clear and you know. If you would proceed, Mr Kormos.

**Mr Kormos:** I've got no respect for organized crime. I've got no respect for the proposition of 20,000 slot machines —

**The Chair:** Mr Kormos, you are dealing with your amendment. Please proceed.

**Mr Kormos:** I've got a lot of regard for the comments that Mr Curling made about this amendment. Mr Curling notes, and he emphasizes, that we're talking not just about the regulation of what has the potential to be the most corruptible gaming scheme, gambling scheme, these 20,000 slots, we're not talking any more about just the bingo parlours, we're not talking any more about Ontario Lottery Corp, although that's become mammoth in its own right; we're talking now about the most corruptible and historically corrupted form of gambling that can ever be introduced to a jurisdiction, and that is slot machines.

The report from Corporal Brian Kelly of the Fredericton police indicates that historically the supply of slot machines and video lottery terminals is from organized crime. His unit with the Fredericton police department — and he's in the criminal intelligence unit — indicates that machines are manufactured in the United States by businesses owned by organized crime families and then shipped to Canada and sold to crime figures here. That's what we're dealing with.

Mr Curling accompanied that observation with his observation — this has been noted before — that this isn't just the regulation and control of gambling and

gaming, it's also the new regime for the regulation and control of alcohol. Mr Curling makes reference again to the insidiousness of alcohol as a drug which carries with it incredible social cost. We've already seen this government, without consultation — other than tavern owners, I have no doubt about that — expand last call through to 2 am, without consultation.

**Mr E.J. Douglas Rollins (Quinte):** What's that got to do with this motion here?

**Mr Kormos:** It's got plenty to do, because I'm talking about the quality of people that are going to be called upon to serve as a part of this regulatory body, the commission.

As I say, I've got more amendments to section 2 to come. But I want to make reference — because Mr Crozier, by referring to the Guide to Agencies, Boards and Commissions, the most recent one, 1995, speaks — and this is what I asked Mr Flaherty earlier today, about what was in mind. Because surely the government's so hasty about this that it's got to have somebody in mind for this commission. Clearly they're resisting the proposition of a tripartite committee so rigidly, so rigorously, that they've got to have something in mind, because they want this to be up and running.

I take a look at the agencies, boards and commissions directory and take a look at the Ontario Institute for Studies in Education, for example. I just picked that at random. It describes the function of OISE. Mr Flaherty knows that. Then it speaks to membership. Here it's interesting:

"The Lieutenant Governor in Council appoints the director of OISE and 34 members as follows: three representatives of Ontario teacher-training institutions, two representatives of the University of Toronto, two representatives of provincially assisted Ontario universities, four representatives of the Ministry of Education and Training" —

**The Chair:** Mr Kormos, you are speaking to a motion that has already been defeated, where you listed a number of qualifications. What you're dealing with right now is your motion to —

**Mr Kormos:** No, Chair, I'm talking about —

**The Chair:** Excuse me, Mr Kormos, just let me complete — dealing with a tripartite committee. I'd ask you to speak to that motion.

**Mr Kormos:** Is the Chair getting a little cranky? Because if it is, I beg the Chair's indulgence.

**The Chair:** No, I'm not getting cranky at all. I'm just trying to get you to speak to the motion.

**Mr Kormos:** I don't want the Chair to get cranky, because then it's going to be much more difficult.

In view of the fact that the government defeated my earlier amendment, this speaks exactly to why, because the government doesn't have a schema or guideline — it doesn't. That's exactly why we need this tripartite representation on the board. That's why we need it, because I'm trying to illustrate what is the norm.

Clearly the government has an agenda which is hidden and secretive, as hidden away as David Tsubouchi is. Did you see that movie with Terence Stamp, *The Collector*? That's probably the type of location where David Tsubouchi's in right now, being held without contact with



the rest of the world. I read that book, it was a little scary, like so many Rod Serling films. I've seen those too.

You see, you've got OISE, and I'm just trying to illustrate what the need here is. We've got OISE with "four representatives of the Ministry of Education and Training, six representatives of the Ontario Teachers' Federation, four representatives of the Ontario School Trustees' Council, three representatives of provincial associations of directors of education, school superintendents and inspectors, six Ontario residents and four members of the administrative and instructional staff of OISE."

Okay, enough said. That's what's lacking in this legislation. The government had the opportunity to approve or at least to begin to work — because I was waiting for amendments to my amendment from the government on my last motion. They chose neither to deliver amendments, to deliver a scheme or schema that's similar to what we have for OISE.

1600

Again, OISE isn't alone. I'm just flipping at random here. Oh, let's see. Ah, district health councils. Let me illustrate the gap in this legislation, and that is that with district health councils — once again, we've been through this in the government agencies committee; Mr Crozier has suffered more of it than I have, because I've been relieved of sitting on it. Not really, but I'm being subbed for by whomever while I'm here.

"The Lieutenant Governor in Council appoints the members and a chair selected from a list of nominees submitted by the district health council. The maximum number of members is shown in the section on membership under each council."

Once again, there is a regime there. In this case they have a section of requirements for the sorts of people who are nominated.

"Consumers and health care providers make up approximately 40% of the membership. Twenty per cent of the membership is nominees of the local government. Consumers are interested citizens or may or may not be involved in consumer groups, community action groups, labour, business or industry. Health care providers are either health professionals, health care professionals who receive all or part of their income directly from health care delivery, or employees or board members of health agencies or institutions involved in policy development. Nominees of local governments may or may not be elected officials, and are liaisons for communicating the local government's concerns about health planning."

That's district health councils, an illustration why the absence of those sorts of criteria, guidelines, standards is very relevant to this amendment, which, in lieu of or in the absence of there being any clear guidelines, clearly calls for multipartisanship, which in effect makes it a non-partisan proposition.

I don't want government members to think that I'm being selective here in the sorts of examples or scenarios I select. Let's see. Oh look, the Grievance Settlement Board. Once again, this illustrates how important it is that there be a tripartite committee in the absence of any guidelines for membership. The defeat of my last amend-

ment cried out for this motion, this amendment. Here we have the Grievance Settlement Board. They describe their function. I think it's important to consider that in the context of things.

"The board adjudicates rights disputes between the employee organization and the employer. Disputes involve matters such as dismissals, suspensions and other forms of discipline, working conditions and classifications. Policy grievances between the employee organization and the employer may require the board to interpret the provisions contained in collective agreements. The board provides mediation services to assist the parties in reaching a settlement without resorting to adjudication."

Membership is what's important. This is what government members have to consider, please, in considering this amendment, because I don't want these government members to be in any way caught off guard. I don't want them to feel that they've been bushwhacked by any lack of background or information.

"Membership: The composition and administration of the board is jointly determined by the crown in right of Ontario and the unions representing crown employees or, if the two parties cannot reach an agreement, by the chair of the Grievance Settlement Board. It is composed of a chair, one or more vice-chairs and an equal number of members representing the crown employees that are represented by a trade union and members representing the crown in right of Ontario. The Lieutenant Governor in Council appoints the chair, the vice-chairs and members. Members" — this is the important part — "are selected in the following manner" — that's why this amendment is crucial — "The chair is selected by the crown and the trade unions, or if agreement cannot be reached, by the Lieutenant Governor in Council; vice-chairs are selected by the crown and the trade unions or by the chair of the Grievance Settlement Board if agreement cannot be reached; members representing employees are selected by the trade unions or by the chair of the Grievance Settlement Board if agreement is not reached and members representing the crown are selected by the Lieutenant Governor in Council or his/her delegate. If the Lieutenant Governor in Council or the delegate does not select the members representing the crown, the chair of the Grievance Settlement Board will select them. A panel of the board consists of the chair or a vice-chair, one member representing the employees and one member representing the crown. However, the chair or a vice-chair may be authorized to sit alone, where appropriate, on the agreement of the parties."

Once again, you have a board with a very specific schema. The government chooses to reject that proposition in the instance of the commission and the members of the board of directors of this commission they propose here.

Look at the Windigo Interim Planning Board. This is why it's crucial that the government doesn't have fiat power to pick the members of the board of directors unilaterally.

"The board is established under the terms of the agreement signed on February 13, 1992, between Her Majesty the Queen in right of the province of Ontario and



the Kingfisher Lake First Nation, the Weagamow Lake First Nation, the Wunnumin Lake First Nation, the Cat Lake First Nation, the Windigo Tribal Council and the Shibogama Tribal Council. The agreement is referred to as schedule 1. The board will advise the ministers by: developing a plan for land use and resource development in the planning area; reviewing and commenting on applications and matters including those set out in the schedule; identifying potential opportunities for resource-based economic development and the practice of traditional economic activities; developing community participation models suitable for use in remote northern Ontario; and performing any additional functions set out in the schedule."

It's a very precise identification of function, but more important, and why this amendment is so important, especially in light of the government's rejection of my previous amendment, is the section on membership.

"The Lieutenant Governor in Council appoints seven members. The chair will be acceptable to the Minister of Natural Resources, the minister responsible for native affairs and the Cat Lake First Nation, the Weagamow Lake First Nation and the Windigo Tribal Council. Three members are recommended by the Minister of Natural Resources and the minister responsible for native affairs and three members are recommended by the Cat Lake First Nation, the Weagamow Lake First Nation and the Windigo Tribal Council."

That's an illustration of how governments have — you can't have it both ways. You can't have an unfettered discretion for appointments without any structure as to who is going to be represented on that board or commission or agency. I cite this as an example of how, when there is an unfettered discretion, it isn't as unfettered as it appears to be, because there's a structure, there's a framework. If you're not going to have that structure or framework, then I submit to each and every one of you that it's necessary to have a tripartite approach to this particular commission, to the board of directors of this commission.

I suppose one could find numerous illustrations, such as the Council of the Royal College of Dental Surgeons of Ontario.

"The college regulates the profession of dentistry in the public interest by ensuring that individuals have access to services provided by competent health professionals, and that individuals are treated with sensitivity and respect in their dealings with health professionals. Members of the college are governed in accordance with the Dentistry Act, the Health Professions Procedural Code, the Regulated Health Professions Act, and the regulations and bylaws of the college. The college develops and maintains standards of practice, entry to practice requirements, standards of professional ethics, and promotes and develops standards for continuing competence among the members. Various committees of the Royal College of Dental Surgeons of Ontario function in a quasi-judicial role with respect to the suspension and revocations of certificates of registration to practice in Ontario."

Not only is there an identification of the responsibilities, but most importantly, there's an identification of the need, notwithstanding that the Lieutenant Governor in

Council appoints these people, to have some balance and form and a model for membership, because here there's a description for membership.

"Between 10 and 12 members who are elected in a prescribed manner by the members of the college. Between nine and 11 members are appointed by the Lieutenant Governor in Council who are neither members of the college nor members of a college or a council as defined in the Regulated Health Professions Act, 1991. Two members who are members of a faculty of dentistry of a university in Ontario are selected in a prescribed manner. The council elects every two years a president and a vice-president from among the members."

This is an illustration of the scenarios that are available to this government. The government rejects a membership model. I then urge them to accept this novel and radical, indeed revolutionary, proposition for, finally, non-partisanship and the rejection of pork-barrelling.

**The Chair:** Is there any further discussion before I put the question?

**Mr Kormos:** A 20-minute recess, please, Chair, upon you putting the question.

**The Chair:** You have already heard the argument presented by Mr Kormos, so I will not bother to read it. Shall the amendment carry? He has requested —

**Mr Kormos:** Chair, a 20-minute recess prior to —

**The Chair:** I heard you the first time, Mr Kormos. We are recessed, therefore, until 25 to 5.

*The committee recessed from 1612 to 1632.*

**The Chair:** The meeting is reconvened.

**Mr Kormos:** A recorded vote, please.

#### Ayes

Crozier, Kormos.

#### Nays

Clement, Ford, Guzzo, Hudak, Ron Johnson, Parker, Rollins.

**The Chair:** The amendment fails.

On the floor is the amendment of Mr Kennedy's made some days ago, it feels like.

**Mr Kormos:** I'm hard-pressed to conceal my —

**The Chair:** Excuse me, Mr Kormos. I didn't want to interrupt you, but for the consideration of the committee: At Mr Ramsay's request a report has been made by Andrew McNaught, research officer, dated August 22, 1996. On the second page he summarizes and concludes: "Therefore, based on publicly available resources, it appears that there is no connection between Bill Davis and Marshall Pollock or the Ontario Video Gaming Corp." That report has been —

**Mr Ron Johnson:** Who's been trying —

**The Chair:** Excuse me, Mr Johnson. That report has been distributed between all —

**Mr Ron Johnson:** The Liberals keep trying to misinform, don't they?

**The Chair:** That report has been distributed to all members and you should all have a copy. Mr Kormos, you have the floor.

**Mr Kormos:** I wish Mr Ramsay had asked me. I didn't for a moment suspect there would be a corporate



connection between Bill Davis and Mr Pollock. Are you talking about Bill Davis from the Ontario Automobile Dealers Association or Bill Davis, the former Premier? Both are former MPPs for the Tory caucus. But I guess it matters not if one can only infer that it's neither Bill Davis.

I can't conceal my disappointment at having lost yet another amendment to Mr Kennedy's motion. The connection — you don't have to go too far because Mr Pollock was only the assistant Deputy Attorney General under both Premiers John Robarts and Bill Davis — there may not be a corporate connection, but none the less I'm disappointed. Part of me is crushed to the point where I say: "Well, this is all for naught. I might as well get into my Chevy truck and go home to Welland." But I'm not going to do that, because my disappointment is overcome by my optimism that's nurtured, buoyed and enhanced certainly in an exhilarating way by the fact that notwithstanding the failure of my amendment, we still have the motion of Mr Kennedy. There's some hope yet. I should indicate that I filed with the clerk three further amendments to section 2, which I will be addressing in due course.

Mr Kennedy's motion is a proposal which offers the most modest variance to the scheme, or the absence of scheme, proposed by the Tories in their legislation. I know that the government members are going to listen carefully to the arguments on behalf of that. I'm sure they'll listen more carefully to me than they did to Larry Moodie, a detective with the provincial police anti-rackets division, who said legalizing video gambling is not going to eliminate the illegal machines and pointed out that only four officers are assigned to investigate illegal gambling in the province.

Maybe the government won't listen more readily to me. I'm just a small-town MPP from Welland-Thorold trying to represent my constituents and here I am in the third party, a really small caucus; our resources are spread thin; we've exhausted our research staff, who has been working on this along with other projects. Maybe we've been had because we took to heart what Larry Moodie, detective with the provincial police anti-rackets division, said when he said that legalizing video gambling is not going to eliminate illegal machines.

Here I am with a small caucus, little resources and our research staff person, Angie Ceccarelli. She located the report by Dr Schaffer, Harvard University Medical School, which says the same thing that Larry Moodie from the Ontario Provincial Police says, that legalizing slots ain't going to get rid of the so-called grey or illegal or whatever you want to call the machines. He says all it will do is generate more gambling — the same Ms Ceccarelli who tried to track down the secret 80-page document from the Ontario Provincial Police, the one the government's sitting on, one they don't want released, the one that Rick Brennan wrote about and was able to excerpt a few lines because he was given an opportunity to look at it, although not to take it with him.

I believe that Mr Kennedy is on to something here. Mr Kennedy understands the corruptibility of a board that's unilaterally chosen by a majority government with no guidelines, no format, no structure. Mr Kennedy in his

motion — this is where his amendment should be relatively inoffensive to any government members — concedes, makes the concession, recognizes the power of a government with this many members where it's guided by an ultraright ideology rather than morality, where it's guided by its promises to the richest and most powerful in this province rather than by any sense of fairness, where it's guided by an eagerness to serve masters who are oh, so far removed from the working people of this province. Who's going to speak up to the Marshall Pollocks of Ontario if the government doesn't have some direction as to whom it has to appoint to this board? Who's going to speak up to him?

**1640**

I know what Mr McNaught's report said: corporate searches of the Ontario Video Gaming Corp and the company's branch of the Ministry of Consumer and Commercial Relations, which will soon be privatized. Bill Davis's name didn't appear among the officers and directors of Ontario Video Gaming Corp. Bill Davis, former Tory Premier, works for Tory Tory DesLauriers — I don't think he works for Tory Tory DesLauriers and Binnington; I suspect he's a partner. After all, the firm is called Tory Tory DesLauriers and Binnington. Marshall Pollock isn't a lawyer there. Well, so what? Why do the Tories cackle and carry on when —

**Mr Clement:** On a point of order, Mr Chairman: Could the honourable member please speak up? I'm having difficulty hearing him.

*Interjection.*

**Mr Kormos:** So you hear the Tories cackle and carry on. If I were to call them a bunch of dimwits I'm sure they'd hear that. They'd rise up protesting, carrying on.

**Interjection:** You got the protesting right.

**Mr Kormos:** See? They heard that. It's remarkable, and I'm at my sotto voce point. "Dimwit" they understand. The important stuff like what Larry Moodie from the Ontario Provincial Police says, that they can't hear. The obvious long-time relationship, what does it matter? Marshall Pollock was ADM in — what? — the Ministry of Attorney General under both John Robarts and Bill Davis. So the guy's a Tory. What's new? He's a Tory who has finally come into his own; that's what's new. He was in the wilderness for so long and he's finally come home, like being the prodigal, because finally he has a government here in Ontario that's going to lend comfort to him. Here's Marshall Pollock, Mr Ontario Lottery Corp, who I'm sure extolled the virtues of government-run lottery schemes like the old — I don't even remember what they called them. You used to buy five tickets at a pop in a wrapped package — Wintario? I don't know what they were called. I bought them from time to time. Most people did.

**Interjection:** For birthdays and Christmas.

**Mr Kormos:** Yes, they were novelties, a quick gift to throw into a Christmas card or when you're on your way to a dinner with somebody who's having a birthday. I'm sure Marshall Pollock thought that was the greatest thing since buttered popcorn. I'm sure he at the time said, "This is exactly what the governments that I serve as" — I can't remember; was his title president of the Ontario Lottery Corp? I'm not sure. I think it was



president of the Ontario Lottery Corp. But now Marshall Pollock is not with Ontario Lottery Corp any more. He's the spokesperson and a director from Ontario Video Gaming Corp.

I note a press report dated Thursday, September 15, 1994, by Martin Mittelstaedt from the *Globe and Mail*. Marshall Pollock and Ontario Video Gaming Corp were leaning on the last government too. But Marilyn Churley, who was the Minister of Consumer and Commercial Relations, whose ministry, as this one is overseeing slot machines, brought in the Windsor casino legislation, said, "We've made a decision not to allow VLTs outside of permanent casinos and we've been pretty clear about that." Mr Pollock said that his company would continue trying to persuade the government to change its position. Mr Pollock said that his company and its proposal would create 16,000 jobs in the hospitality industry with slot machines. To what length will Mr Pollock go to sell his dirty little product? Because we've heard those types of claims before. We've heard about the thousands of jobs that slots are going to create.

We've also heard from Ivan Sack of Canadian Casino News who, if anything, is a pro-gaming person, not a temperance person by any stretch of the imagination. He says: "Get real. Understand what's going on here." The very sorts of industries that are lined up and crying out now for the slots, to wit — we heard from them — the racetracks and taverns, already have cashiers. They've already got people employed giving out cash. Ivan Sack says if you assume a max of four slots per location in a beverage room, the only employment they're going to create is the need for service operators and technicians. I didn't hear anybody dispute that when Mr Sack, editor of Canadian Casino News, was making his submission. Okay, fair enough, service technicians and servicing people. Quite frankly, nobody asked Mr Sack how many he estimated that would mean. We learned from the Quebec lottery corporation that with 14,700 machines in the province of Quebec a mere 300 jobs were created. I was there during the questioning. People prevailed on the bureaucrats as to how many other jobs in addition and they said, "We don't have any data on that." Bet you they don't.

It's no secret why people want slots instead of the right to put in a blackjack table or a roulette wheel or a poker table, because those are labour-intensive. These locations want slots because they stand to make a whole lot of money without having to expend any labour cost, because it only takes, on the Quebec experience, 300 people to service, repair and deliver etc 14,700 machines. If you're talking about 20,000, my calculation is perhaps as many as 400 people in the province of Ontario, as compared to 300 for 14,700, in the whole province, in itself a big province covering a lot of square miles, a lot of hectares.

1650

Why would Marshall Pollock and Ontario Video Gaming say that their proposal's going to create 16,000 jobs? I suppose the same question could be asked of Mike Harris. Why would he promise 725,000 jobs during the election campaign of 1995?

It reminds me of David Peterson. Remember 1987 — I think it was September 6 — when he said, "We have a very specific plan to reduce auto insurance premiums"? He said that in a scrum around six, seven days before the election. It wasn't true. His handlers went bananas. Cell phones went abuzzing; they were jamming each other. Scriptwriters went berserk. David said something like, "Oh, phooey," in the privacy of the back of the campaign bus. It was one of those things that people say. David Peterson was under a lot of pressure in that campaign. Mel Swart very much led the public auto insurance battle. He was under a great deal of pressure. I recall Monte Kwinter had been working on auto. They had just left the accord. It was a strange time.

**Mr Crozier:** Monte will be here tomorrow.

**Mr Kormos:** Looking forward to Monte. Monte's been around long enough. He didn't bother unfolding his cell phone. He said, "Yes, leaders do that and leaders come and go, but I'll be here forever," and he has been.

David Peterson said that in the heat of a scrum, under a great deal of pressure, as he was clearly winning an election, as he was in 1987, hands down. In hindsight there was no reason to have said it, because he was winning, he was doing fine, but he said that in the heat of a scrum. But the Mike Harris announcement of 725,000 jobs wasn't said in the heat of a scrum. That was deliberate and planned and calculated.

You know some of this, Chair. It's like the various levels of culpability. There's mere negligence, but then there's an overt, outright — because if you're going to do it, go big or go home. Why does Mike Harris say, "I'm going to create 725,000 jobs"? To get elected. To get power. Does he say it because he really has a scheme to create 725,000 jobs? Of course not.

Why does Marshall Pollock in 1994 say that if the province lets him — he doesn't say any scheme. Ontario Video Gaming says its proposal is going to create 16,000 jobs. Marshall Pollock, old buddy of Bill Davis and John P. Robarts: "If you adopt my scheme, if you crawl into my bed, I'll create 16,000 jobs." Was he able to substantiate it? Not in the least. Did Marilyn Churley — God bless her soul — fall for it? No. We've got Marshall, old friend, old comrade — can I say that about Tories? At the Legion hall I can — of Bill Davis and John Robarts. He comes before this committee and he once again spins a mighty fine web.

I should mention the only time I ever met Patti Starr, just by the way, was at the opening of the play with Brent Carver here in Toronto, *Kiss of the Spider Woman*. It was the only time I ever met her, and of all the places it had to be at a play called *Kiss of the Spider Woman*. There was something more than a little ironic about that. But I said: "Hello. I hope your book does well." I was glad she didn't have to do hard time, because nobody wants to have to do hard time, but she did her time.

But I'd never met Howard Moog, the friend of Bill Davis's. I never got to meet him.

**Mr Crozier:** What did he do?

**Mr Kormos:** Howard Moog. There was a scandal over here, the Hydro building.

**Mr Guzzo:** On a point of order: How much time did he spend in jail?



**Mr Kormos:** In those days you didn't.

**Mr Guzzo:** How much time did he spend in jail?

**The Chair:** That's not a proper point of order.

**Mr Guzzo:** Don't be linking his name to Patti Starr. She was a Liberal jailbird.

**Mr Kormos:** You see, the problem is that Patti Starr got popped; Howard Moog didn't.

**The Chair:** I think we're getting a little off topic, Mr Kormos.

**Mr Kormos:** I'm sorry; I was distracted.

**The Chair:** It was interesting. I appreciated hearing the history, but I think we're a little off topic.

**Mr Crozier:** I even enjoyed it.

**Mr Kormos:** Where the heck was I? Chair, where was I on this?

**The Chair:** You lost me.

**Mr Kormos:** I'm going to have to back up on my notes.

**Mr Guzzo:** Let's give credit to those who stayed out of jail.

**Mr Kormos:** We were talking about Marshall Pollock. Like O.J. Simpson; we'll give O.J. Simpson credit for staying out of jail. Let's talk about Marshall Pollock. Here he is. He's no longer an advocate of government-run schemes. He used to be, but now he comes in saying, "Give me your firstborn and I'll create 16,000 jobs." He's got the consortium to put it together; I bet you he does. Marshall Pollock says he's got private investors who'll cover the \$400-million cost of 9,000 machines. That comes to almost \$1 billion for 20,000. You bet your boots he's got a private consortium gathered that is prepared to put up a billion bucks cash, because the people you buy slot machines from are not inclined to give credit, and when you do get credit there's no problem in paying. At least, there's no problem in collecting. There could be a whole lot of problems with paying, but the collection process is — I was going to say painless. It isn't necessarily painless, but you pay and you pay.

Marshall Pollock came here and he had charts. It was like Arlo Guthrie. You remember that old song Alice's Restaurant — "You can get anything you want at Alice's Restaurant." You know, the 8-by-10 glossy prints with arrows and circles and charts on the back of each and every one? Remember that old song? You have to. You're older than I am, Chair; you surely remember that.

**Interjection:** He just looks older than you.

**Mr Ron Johnson:** His hair's not as grey, Peter.

**Mr Kormos:** Arlo Guthrie ended up on the group W bench. You remember that, the group W bench? I can identify with the group W bench. I've been on it. Arlo Guthrie is Woody Guthrie's son. Woody Guthrie had died just before. Woody Guthrie died in October 1967 and Arlo did the song shortly thereafter. But he talked about the photographs, the 8-by-10 photographs with arrows and circles and the whole nine yards, all this high-class forensic evidence. I think Stockton, Massachusetts, was where it happened. I'm not ringing bells with very many people here. That's the problem. Tories never listened to music like that.

**Mr Clement:** I listen to the Smashing Pumpkins myself.

**Mr Kormos:** They never listened to music like that. They weren't Guthrie fans, and for good reason.

James Lee Burke, the writer, is a big Guthrie fan, though. You can't read one of his novels without at least one reference to Woody Guthrie.

Here we are, Marshall Pollock in front of the committee with his charts and his ascending lines and descending graphs and intersections. He had them done up as slick as any chart could be. When you're talking \$1 billion worth of machinery, man, you'll put together a presentation. That was show; that was the fluff, the bunting and the bows. That was for the public consumption, the same way this hearing. This hearing has nothing to do with decision-making; the deal's done. The deal's done by Mr Flaherty, who hasn't talked to his new boss. I don't think he has a new boss. Clearly, Mr Tsubouchi isn't a new boss, even though he was appointed last week, I believe on August 16 — yes. The parliamentary assistant, if he really worked for the minister, would be on the phone the next day at the very latest apprising his new boss of what's been going on in this committee and looking for some direction. But Mr Flaherty says, "Nope, haven't talked to him about slot machines yet."

1700

Clearly David Tsubouchi is not the capo di tutti i capi. Clearly somebody else is and it remains for us to find out — and I'm convinced that in due course we will — who really is calling the shots here. It ain't David Tsubouchi. I'm hard-pressed to believe that it's really Ernie Eves, because Ernie Eves, after all, has a lengthy history of condemning slot machines. So does Mike Harris. The people up in Parry Sound don't want much to do with slot machines, the way I hear it. I'm sure there may be one or two, but it strikes me that the folks up in Parry Sound, which Mr Eves represents and which is his home town, don't want anything of the likes of slots.

There's Marshall Pollock there at the committee. Glossy report, big numbers. Oh, the cannibalization issue. Remember that? Marshall Pollock knows that there's concern by organizations that raise money with Nevada tickets, break-opens. But he's got a chart that says nope, the reduction in break-open sales has got nothing to do with video lotteries. Well, this is Marshall Pollock. Old buddy of John P. Robarts and Bill Davis — William G. Davis; William Grenville Davis. Good old Tories, quite frankly; a far different breed than what we have at Queen's Park here now.

**Mr Guzzo:** They stayed out of jail. But not Patti Starr.

**Mr Kormos:** Mr Guzzo's commenting that Robarts and Davis stayed out of jail. I don't know whether Mr Guzzo attributes it to good luck or good counsel.

I note that Marshall Pollock — how else would he have become assistant deputy minister in the Ministry of the Attorney General if he wasn't friends with John Robarts and Bill Davis? How else would he have become the ADM?

Marshall Pollock comes to this committee and he declares — it's as if he had the tablets with him instead of just some flow charts and graphs — that slots in Alberta aren't responsible for the decline in break-open ticket sales. Don't blame them. Well, the Tories perk up, some of whom had been nodding off, chins down on their

chests, a little bit of spittle rolling out of the corner of their mouths, as sometimes happens when you fall asleep during the day. Boy, they came to when Marshall Pollock came out with that revelation. Back of the hand across the face, wipe her dry, and wipe the sleep out of your eyes.

I was there. With a start they say, "By God, look, finally we've been —" as I say, it's been a long time coming — "Marshall, where have you been all our lives?" Well, Marshall's there and he's got so-called data saying that break-open tickets didn't suffer as a result of the introduction of slots.

Well, that offended one's sense of logic because the racetrack — you see, this is one of the problems with this game the government's got itself caught up in. They are trying to be all things to all people, except for the working people of the province, and the seniors and the sick and the students and the poor, because on the one hand the government is saying to the racetracks, "Oh, you're right, slot machines are going to cannibalize your business," and then it's saying to the break-open ticket people, "No, you're wrong, slot machines won't cannibalize your business." What gives? It defies logic. It contradicts common sense.

Slot machines will cannibalize racetracks so we've got to give the racetracks slots, but they won't cannibalize Nevadas. Marshall Pollock said so, so it's true. Marshall Pollock, who says he can create 16,000 jobs if the government buys into his private sector scheme to introduce slots. We know it ain't so.

A presenter up in Sudbury, young Mr Burke — was it Mr Burke? I think it was young Mr Burke who appeared before the committee and said, "I've been hearing what people have been saying in front of the committee about this not cannibalizing Nevada tickets, and they're full of it." As a matter of fact, he had, all by himself, gone to the length of calling the gaming control branch, department of the Attorney General in Alberta to get the early breakdowns. Lo and behold, if there ain't a dramatic drop in the sale of Nevada tickets after the introduction of slots.

There had been a blip, because numbers varied from year to year, even historically. What's one of the reasons given? People have got to start covering their butts once you tell little fibs like this. Among other things, the Legionnaires have been dying off so fast that there's nobody left in their clubs. Please, please. This gentleman, Mr Burke I think his name was, called one of the Legion branches. Good folks. They said: "Give me a break. We've got the daughters and sons and the grandchildren of vets in our Legions now," just like they do in Welland and in Thorold and across Canada. "It was the slots that put us under, and we're hard-pressed as Legionnaires, as veterans" — there are still veterans left, probably not any more of the First World War. I think there's one or two left in Canada. But certainly there are still a lot of folks from the Second World War, a lot of folks from Korea, a lot of folks from Viet Nam.

**Mr Guzzo:** Doug Burke and Bingo Pro.

**Mr Kormos:** That was Doug Burke, quite right. Here's Marshall Pollock, the Goliath, and there is Doug Burke with his little home-made slingshot, one personal phone

call to the Alberta gaming and lottery commission, the Ministry of the Attorney General, gaming control branch, who produces statistics to say, yep, in Alberta, slots sure cleaned up on the break-open business. They put the boots to Royal Canadian Legion branches. It's just what common sense tells you. It's just what logic tells you. It's just what the government tells you when it says, "Oh, we've got to put slots in the racetrack because slots outside the racetrack cannibalize the racetrack buck."

Not only do slots cannibalize; slots entice. There's an allure about them and an addictiveness that the government members simply want to deny. They're ostriching, ostriching, ostriching. The problem is that if you assume the ostrich stance, your head is in the sand and your butt is up in the air and you've got a big target there. The fact is that the head-in-the-sand syndrome, the ostriching, makes the government extremely vulnerable for the downside of what's coming; it really does. We're going to see an incredible impact, an assault, an onslaught on charitable organizations and other non-profit organizations, associations, societies, groups.

Government leaves the impression, certainly tries to create it — whether they believe it or not, I suppose they did — about values. Oh, my God, the language was oh so Christian and oh so pristine, oh so godly: values, morality, stronger families, stronger communities, a stronger province. Yes. We've got a government here that's prepared to turn a closed eye to concocted evidence and that is beyond disinclined, absolutely adamantly, without hesitation, unequivocally refuses to acknowledge the work done in a whole lot of arenas, both by highly qualified professionals and by just plain people who know better.

#### 1710

The government here doesn't care. At some point maybe they're going to say, "Yes, we care about the Legion branches." It's easy to say, but you don't care enough about them such that you don't attack them by placing slots in the bar down the road so that their modest break-open ticket sales fall through the floor. These Tory members are going to say, "Oh, we care about small business," but they don't care enough if small entrepreneurs, who supplement their mom-and-pop variety store income with \$30 or \$40 for a box of break-open tickets etc, lose that modest income. They don't care about the addictiveness of slot machines.

You'd have thought, with all its resources and the high-priced help and the gaggle of bureaucrats and civil servants and policy analysts and communications people, the spin doctors and focus group operators and pollsters and Tory hangers-on and backroom people and the gang over in the Whitney Block with the Premier and the Secretary of Cabinet, that the government itself would have come up with — look at this press clipping from the Edmonton Journal, February 6, 1996, "A number of problem gamblers seeking help for their addiction, mostly to VLTs, will increase by more than 75% this fiscal year, a gambling counsellor predicts."

Just as so many of the experts say, the greater the accessibility to gambling, the more people who are going to gamble; the greater the accessibility to slots, the more people who are going to become addicts. One would have



thought that we'd have been provided with that in the first day of the hearings. Now I'm not sure. One would have thought that the Canadian Press article appearing in a Calgary newspaper which says employees are stealing from employers to pay for their gambling addictions and the practice has worsened with the advent of video lottery terminals —

*Interjection.*

**Mr Kormos:** One would have thought the government would have provided that reference in the course of — well, I'm not sure they didn't have it; I'm not sure they didn't have that information. I'm not sure they didn't simply sit on it, conceal it, keep it stashed away, hoping against hope that the opposition members were never going to run across it, hoping that the razzle-dazzle of the Marshall Pollocks of the world was going to prevail.

One would have thought that they might have provided us with the article from the Edmonton Journal back in 1995. It talks about Ted Tsenekos, a small-town northern Alberta hotel owner. He said the experience with slots taught him to hate video lotteries. The 42-year-old moved to Canada from Greece 19 years ago; he said it was sickening to watch his customers pumping money into the slots day after day.

Ian Pickles, co-owner of a club called Bikinis Beach Club — imagine that, Bikinis Beach Club — in the resort town of Sylvan Lake, got rid of his three machines, even though he made \$900 to \$1,500 on them each month. "I got to hate watching people throw their money away. It was really tough watching older people especially sitting there all day with nothing better to do."

Heather van Pelt, manager of the Grinder — I'm not sure what kind of club that is; if it was called the Bumper, but it's called the Grinder — a west central pub, she refuses to operate slots because she too grew to despise the machines in her two previous bar jobs.

They're no longer entertainment. They've become detrimental to a healthy, productive society.

It was Clerk Thom Mowry of the city of Sudbury who amassed these press clippings. One would have thought that if the government were being candid about its proposition — quorum, Chair.

**The Chair:** Yes, you're quite right. Some of us have difficulty in counting when they leave. We have a 10-minute recess for a quorum.

*The committee recessed from 1718 to 1725.*

**The Chair:** We have a quorum. We'll reconvene.

**Mr Kormos:** Chair, on a point of order: It's been 11 minutes since you called the quorum call, and there was only 10 minutes in which —

**The Chair:** I'm sorry. No, you are incorrect. The quorum call was called at 5:18 and it is not —

**Mr Kormos:** It's 5:29.

**The Chair:** Not by my calculation. I may be looking at it slightly off to the side. I thought it was within the time frame. Mr Kormos, you have the floor.

**Mr Kormos:** So there we are. I would have thought the government would have had interest in this matter, its anticipation of the issues to be raised. They are unique, issues like this, issues like the opposition issues have been raised across the board in every jurisdiction that

gaming takes place in with this kind of slot machines, the vulgar little thieves.

Back in November 1995 — why didn't the government tell us that in November 1995 the Alberta Urban Municipalities Association voted —

**The Chair:** Mr Kormos, the broadcast recorder is not picking you up, because you're not facing the microphone.

**Mr Kormos:** Thank you, Chair. Why didn't the government tell us that on November 9, 1995, the Alberta Urban Municipalities Association voted to recommend dumping VLTs? Why didn't they tell us that in the course of making that decision, it was indicated that they ruined lives by creating gambling addictions? Why didn't they tell us there was a conclusion that the cost to rehabilitate lives lost to gambling is extremely high? Why didn't they tell us that Claresholm mayor, Ernie Patterson, called down delegates to the Edmonton Convention Centre to tell the government the gambling buck should stop there? Why didn't they tell us that? I would have thought that would have been an important part of the government's own research into the phenomenon.

Quorum, Chair. Unbelievable.

**The Chair:** There's a quorum call. We don't have enough members here.

**Mr Kormos:** Thank you, Chair. Why didn't they tell us that? You know it's anecdotal. Why wouldn't the government have told us that in the Edmonton Sun, on August 15, 1995, a small report, probably in itself oh, so, similar to so many similar types of reports, a staff writer called Bart Johnson wrote that Linda Turner had never been in trouble with the law before she was introduced to video lottery terminals, but her devotion to the slot machines turned her into a criminal who stole from her employer and lied to her friends? This 47-year-old woman pleaded guilty to defrauding \$20,000 from the insurance company she worked for over a period of five months in 1993-94.

Defence lawyer Robert Agard told the court that the single woman, who had no prior criminal record, did it to finance her addiction to VLTs. He said she was acting out of character when she did it. She had held a trusted position as a senior claims adjuster with Liberty Mutual Insurance Co. She was responsible for settling insurance claims and paying claims of up to \$4,000. She made out 22 bogus company cheques to two former roommates and had them mailed to her own address. At the same time, she gained access to the roommates' bank accounts by lying to them about her intentions, cashed the cheques, forged the signatures. Sentencing was adjourned for two months to allow for a psychological assessment.

Why didn't the government provide us with the article from the Edmonton Sun, September 11, 1995? "Employee Thefts Cost Billions — Worker Thieves." A multibillion-dollar problem in Canada's businesses is mushrooming out of control, says a loss prevention expert. Rick Green says gambling is at the root of at least half of the employee thefts committed every day in stores and shops across the land, businesses bilked out of \$3.6 million in cash and merchandise by their employees. Why didn't the government have that press report for us?

Why didn't they have the report from the Edmonton Journal about a mom who got 30 months for fraud? She stole to play video lotteries. Why didn't they tell us about that? She tricked her teenage daughter into helping her. The sentencing judge said he believed that this lady had a serious gambling addiction. She used her 14-year-old daughter to help her commit these frauds.

Why didn't the government give us the Edmonton Journal article of November 16, 1994, by Journal staff writer Paul Marck about Rick, who blew 50 grand on video lottery terminals in the past year? "They're the most insidious form of gambling addiction there is," said the 38-year-old dairy worker and father of four.

What about February 18, 1995? Why didn't the government give us the newspaper report from February 18, 1995, again the Edmonton Journal: "Video Lotteries Bankrupting Seniors"?

"I've had a run of seniors who have lost everything on video lottery terminals," Waring said Friday. "Just before Christmas one of the seniors called me in tears. He'd liquidated all his assets and was down to his chesterfield," a 68-year-old man. Got money from loan companies to support his addiction to the lottery machines. Had to go to the food bank. "I think the government should consider who's really losing the money," Mr Waring said." He's a bankruptcy trustee. "It's a horrible addiction. People liquidate everything. Most tell me there are machines everywhere and they can't avoid them. One fellow told me he can't go anywhere without seeing the machines. He hears the music from them and he can't stop himself.' The addiction generally hits seniors hardest, however, because many live on fixed incomes, close to the poverty line." Why didn't we learn about that?

Why didn't we learn about the concern among charitable and volunteer organizations like the Lions Club in Alberta, in a newspaper article from the Edmonton Journal, February 24, 1995? Why wouldn't the government be prepared to be candid and to talk about that? "Harry Anderson of the Lions Club says it's increasingly evident that VLTs are addictive and destructive to the...family.... Rudy Wiebe of the Writers Guild of Alberta said, 'VLTs are destroying the traditional convivial atmosphere of Alberta bars by placing gambling and alcohol side by side, two possible addictions that can feed each other.'"

Why didn't they tell us that Glynis Thomas, the executive director of the community information and volunteer centre, told the review committee — and you know I've referred to that report several times already — that the social costs of VLTs outweigh the benefits? Clive Bright, Edmonton Federation of Community Leagues, says that the push-button bandits are causing significant social problems.

What about the Edmonton Journal, June 13, 1995? Tom Arnold, provincial affairs writer, says that more than half the gambling addicts enrolled in a new government-sponsored counselling program have opted for therapy because of their costly obsession with video slot machines. Just as many women as men are hooked in Alberta's billion-dollar video lottery industry.

They are more likely to be unemployed, with limited education, say client-profile statistics from the Alberta

Alcohol and Drug Abuse Commission. An AADAC consultant says that any form of gambling can become an addiction, but then goes on to point out that the slots outdo all the others. That's why they call it the crack cocaine of gambling.

An article by seniors' columnist Edith Kirby: "Gambling Takes Toll on Seniors" from the Edmonton Journal, June 2, 1995. Or an article headlined "The Devil and the VLT."

We already talked about Ian Pickles. He and co-owner Becky Kasparsons gave the heave-ho to three VLTs in their pub; that was Bikinis Beach Pub in Sylvan Lake, Alberta: "From a personal standpoint I've never agreed with them or how the government is making hundreds of millions of dollars on them."

A remarkable story appeared in a Moncton newspaper showing that experts are indicating that VLTs are the most addictive form of gambling. Other provinces have a warning as Ontario gets set to plunge into video lottery terminals. "Be careful," they say. Be careful.

What was it that precluded this government from presenting even the beginning of a full picture about the phenomenon we're confronted with now? What was it? What was it that precluded this government from utilizing research that had been conducted that indicates that VLTs are and have been a dangerous exercise? Why is it that this government wouldn't want to pay heed to the report and recommendations of the Alberta Lotteries Review Committee? Why is it that this government wants to talk a big game but fails to deliver? It talks about how, oh, the interests of charities are going to be protected; oh, the public health interests are going to be addressed. If they meant what they said, if they weren't lying, if they weren't outright, bold-faced lying, les menteurs à triple étage, they would support this amendment by Mr Kennedy. They would vote for it, they would applaud it, they would address it enthusiastically.

#### 1740

If it weren't for the undercurrent of dishonesty accompanying this whole campaign, government members would join opposition, because they'd want to hear what Mr Tsubouchi has to say about it. They'd want to hear. They'd wonder where David is too. Where's David? Why have they got him hidden away? Why are we rudderless and without anybody at the helm? Where is our great helmsman? These people in the government have bought lock, stock and barrel into the arguments of the Marshall Pollocks of the world. The Rod Seilings of the world are ready to bite at any lure that passes their way.

Why is it that the government wouldn't have been aware of the report by Robert Goodman, who authored the US gambling study of 1994? How wouldn't they have been aware of it? Maybe they were but didn't want even their members to see what Goodman concluded, and that is that huge portions of discretionary consumer dollars are being diverted into gambling, resulting in losses to restaurant and entertainment industries, movie theatres, sports events, clothing and furniture stores and other businesses. Further, cities and towns entering the gambling market now face a fiercely competitive field and will be hard-pressed to draw patrons from outside their region. As a result, most of the people pouring money into their



slots will be local residents. Instead of bringing new dollars into the local economy, gambling will siphon away consumer dollars from other local businesses. Why wouldn't the government have distributed that report by Goodman, 1994, to the members of this committee? Why not? It makes you wonder, doesn't it, Chair? It makes you really wonder.

Goodman says further, "Some of the biggest costs of gambling expansion are those which are the hardest to quantify, what economists refer to as missed opportunity costs." Catch this, Chair: "By focusing so much of their energy on the use of gambling as an economic development strategy, government and business leaders are shifting their attention away from supporting and developing other existing and new business enterprises. These other ventures may be more difficult to establish, but they are potentially much more productive over the long term."

I'm not suggesting that Goodman's dead on. I'm not suggesting that there isn't material to contradict Goodman, but in addressing any issue, balance is the only honest way to do it, it's the only credible way to do it, it's the only way to do it with any integrity. It's the only way to do it without leaving the impression that there's something going on here that we're not quite aware of yet. It's the only way to do it clean. I've got a feeling this proposition is dirty. It stinks of being dirty.

The government, one has to conclude, had access to this information, not just the Goodman report, but by God, piles and piles of reports all of which raise warning flags about their endeavour. Really, their endeavour isn't the Marshall Pollock endeavour — and who is Marshall Pollock speaking for when he wants to buy 20,000 slot machines for the province of Ontario? Who is Marshall Pollock speaking for? It stinks of being dirty because we've had a purposeful effort to suppress information.

Then when it surfaces, as it inevitably does, these government members will go to any lengths to try to trivialize it and distort it. Mr Flaherty even declared, in a rather pathetic exercise at misdirection, "Madam, did you know that more people died of alcoholism during Prohibition than at any other time?"

**Mr Flaherty:** Did you know that, Peter?

**Mr Kormos:** By God, the Chair's ears perked up. He went: "Oh, Jeez, what did Flaherty do now? Lord love a duck, why doesn't he control himself?" Jim Flaherty himself, when he realized what he said, gulped audibly and visibly.

**The Chair:** Excuse me, Mr Kormos, I really don't think it's fair to attribute some type of understanding or action on my part. I'm supposed to be independent. It's very difficult for me therefore to argue the point with you.

**Mr Kormos:** Fair enough.

**The Chair:** I don't know whether I reacted to Mr Flaherty's comment or not.

**Mr Kormos:** Chair, you're right. All I can say is that I saw the Chair roll his eyes, and I don't know with respect to what, after Mr Flaherty made that comment. But I did hear the audible gulp as Mr Flaherty's Adam's apple reverberated vertically in his throat.

What happened is that Mr Crozier, not one to miss a beat, immediately said: "Well, Chair, I want to know

what Mr Flaherty's authority is for that. Where does Mr Flaherty get off telling people, 'Madam, did you know that more people died of alcoholism during Prohibition than at any other time?'" And Mr Flaherty hummed and hawed.

Not to be outdone by Mr Crozier, I jumped on his bandwagon and I said, "Chair, Mr Flaherty is the parliamentary assistant to the Minister of Consumer and Commercial Relations who is responsible for overseeing the regulation of alcohol" — beer, wine and spirits inter alia, I suppose — "in this province." Surely people like John Bates from Mothers Against Drunk Driving and other leaders in the campaign for all governments to show some restraint in providing access to liquor and wine and spirits would be interested in Mr Flaherty's pronouncement, so I, in a very official way, as officially as I could, prevailed upon Mr Flaherty — I put this as a formal question, as Mr Crozier had, as we are entitled to question: "If you don't give us the minister, if you're keeping David under wraps, if you've got him in an underground cell, you're it, Mr Flaherty. The target's there. If Mr Tsubouchi's going to be kept under wraps, you're it."

**1750**

Just as Mr Crozier did, as we are entitled to, I said to Mr Flaherty: "Here you are representing the Minister of Consumer and Commercial Relations. You've just declared that more people died of alcoholism during Prohibition than at any other time. Please provide us a source, an authority for that, other than your imagination or your willingness to distort the truth to appear to win an argument. You certainly haven't provided us with any source or authority."

If I'm wrong in the options I listed — I suppose you could have mixed up your words. That happens. Sometimes one mixes up the words in a sentence or uses one word that's similar to another because the day is hectic. It's something that happens. It's a function or malfunction of the brain. I think all of us have done it. But you have the opportunity to say, "Oh, I didn't mean to say 'died of alcoholism during Prohibition,'" or "I didn't mean to say 'more,' I meant to say 'fewer.'" But you didn't say that. You had the chance and you still haven't come up with an authority, with the source, with the reference, with any information that you have that would permit you to say that in honesty.

I acknowledge you could have misused words, but those are an awful lot of words to have misused in a pretty peculiar way, in a very unique context. You're guilty of most unparliamentary conduct. Were you that desperate to win an argument with a layperson who was trying to make a point with you about addictions that you'd misstate the truth? Were you that desperate? Did you not think there were enough people around there who'd recognize the absurdity of it? Or was it that if you're going to do it, do it big because why waste your credibility on a little one? Do it big; the old "Go big or go home."

Mr Flaherty, it was most interesting. If you're unprepared to come up with something to substantiate — look at the other stuff that's going on, Chair: Dr Room from the Addiction Research Foundation. What's interesting is

that on each and every occasion when I've felt compelled to address the issue, I've indicated that while Dr Room doesn't want to admit or acknowledge any more that slot machines are the crack cocaine of gambling, the Addiction Research Foundation in Thunder Bay and Lake of the Woods Addiction Services both identify crack cocaine as being the proper analogy for slots. Slot machines are the crack cocaine of gambling.

But oh, no, Mr Flaherty finds comfort in the sins of omission. We're left then with, how trustworthy is the government's position? How reliable is it? What can we believe any more? What can we believe when the government would conceal so much that was so important to this debate? Why is it that you, Mr Flaherty, use the language, "Oh, 2% of Ontarians have a gambling addiction." I'm more than comfortable with acknowledging that the data say 2% to 5%. It's the Addiction Research Foundation's study in Ontario, conducted through York University, of 1995 which indicates that 2% to 5% of Ontarians have a gambling addiction. It predates your 20,000 slot machines and begs the question, how many more? What greater percentage, once your 20,000 slots get put in every corner of every neighbourhood of every city, town and village in this province? How many more?

Why wouldn't the government have conducted economic impact studies? Why wouldn't they? Why wouldn't the government have called upon other jurisdictions and emulated some of the work that Goodman did in 1994? Why wouldn't they?

I remember the first couple of days of the hearings, and Mr Crozier and I were there. We had started to gather around, pick up some of the various studies and research, and your government members are making like this stuff is somehow just some sort of stuff that fell like manna from heaven. You've got to do a little bit of research, a little bit of preparation.

Look, I'm grateful to the folks who have made submissions and to our research staff and just the general public who have phoned and people watching this stuff on C-PaC. It's incredible. One researcher, I think he contacted Mr Crozier as well, from British Columbia, Vancouver, the Canadian policy paper on gaming, telephoned us and said, "Look, here's one that you haven't mentioned yet." But that's how this happened. It's Henriksson, I think. Is that right, Mr Crozier?

**Mr Crozier:** Yes.

**Mr Kormos:** Again, these people are eager to participate. Mr Henriksson called us and said, "Look, here's my paper." He faxed it to us and rather than using the faxed copy, we were able to get a copy. I'll be honest, I hadn't known about his paper. It wasn't in one of the traditional gaming or gambling research journals or in one of the medical journals, this Canadian policy program. But he's eager to help. Again, he's a scientist. He's an academic, extremely cautious.

Why did you embark on the mythology of the illegal machines when Larry Moodie said what he said from the Ontario Provincial Police anti-rackets, when police in Alberta say that the introduction of slots did not eliminate the presence of grey machines and that the coordinated law enforcement unit policy analysis division, video lottery terminal gaming report of April 13, 1995, said that

merely introducing government machines without having a strong enforcement policy apparently does not eliminate the grey machines? Exactly how powerful are these gaming interests that it would cause people whose careers, I would think, are based on integrity to surrender that integrity? Just how powerful?

**1800**

It begs the — I'd better leave that one alone because I've got a feeling that if I didn't, some of these Tories might wake up, all hell would break loose and they'd be calling on me to withdraw my statements and I'd have to say, "No, I'm not going to withdraw because it's true."

Why has the government turned its head and not wanted to hear what Professor Alan Young of Osgoode Hall Law School has had to say in his analysis of this scheme and the application of section 207 of the Criminal Code of Canada, where in his written report he writes, and I submit to this committee:

"In our opinion, the province of Ontario has not established a legislative regime which complies with the need for strict legislative control as required under subsections 207(1) and 207(4) of the code.

"Bill 75 may speak at great length about the constitution of the Alcohol and Gaming Commission, but it provides little or no detail about the conduct and management of video lottery. It is surprising that public hearings would be held on the acceptability of introducing video lottery when the public has been left in the dark about the proposed operations of this enterprise.

"Who will be managing the enterprise? Who will purchase the machines? Who will service the machines? What will be the criteria for choosing locations? What will be the role and function of registered gaming suppliers? Who will approve the choice of games and machines? How will the profits be divided between site holders and the government?"

"The list of unanswered questions can easily be expanded upon, but suffice it to say that the legislation only outlines the bare bones of the enterprise when the Criminal Code demands extends legislative control.

"Bare and simple, the entire video lottery enterprise stands on a very precarious legal foundation if this government thinks it can fill in the missing details by administrative decision made by officials at a crown corporation."

Chair, if I may, nobody seems to be paying a whole lot of attention. I move for adjournment, please, till tomorrow morning at 10 am.

**The Chair:** Mr Kormos has moved an adjournment to 10 am tomorrow —

**Mr Kormos:** A 20-minute recess, sir.

**The Chair:** Because of the time limit, rather than just a motion for adjournment, there is a debate permitted in regard to the motion. Are there any comments or amendments in regard to the motion for adjournment to 10 am?

**Mr Flaherty:** This motion presents an opportunity to discuss the regrettable situation that has developed. I hope that my colleagues Mr Crozier and Mr Kormos, when we deal with this issue of adjourning, will address the —

**The Chair:** Mr Crozier, point of order?

**Mr Crozier:** Is it only debatable as to time?



**The Chair:** I think it becomes debatable, period, if I'm not mistaken.

**Clerk of the Committee:** It has a condition on it.

**Mr Crozier:** Oh, I'm sorry. I thought the motion was only debatable as to time, not to the merits of the motion. I just wanted to clarify that.

**Mr Flaherty:** I hope that our colleagues in the Legislature, Mr Crozier and Mr Kormos, would consider carefully what I'm about to say particularly since neither of them was his party's representative on the subcommittee of this committee that determined the scheduling. The House leaders of our respective three parties determined that this Bill 75 would go to committee for three weeks during the recess. The subcommittee then met months ago now, namely, Marion Boyd of the NDP, David Ramsay of the Liberals and myself on behalf of the government party, in order to determine the scheduling of dealing with the bill.

We agreed that in the three weeks that our House leaders had given us to deal with the bill we would allocate the first week to hear from persons wishing to make representations: Tuesday and Wednesday in Toronto, Thursday in Thunder Bay, Friday in Kenora, and that was the agreed schedule for the first week. The second week: Monday in Toronto, Tuesday in Fort Erie, Wednesday in Toronto, Thursday in Sarnia, and that was what we agreed to do during the second week. We were left with four days that we agreed to use in the third week and which all three parties agreed to allocate: Monday in Ottawa, Tuesday in Sudbury, and then two days, Wednesday and Thursday, for clause-by-clause consideration, namely, yesterday and today.

The agreement we had was that we would complete our work on this bill by today. I think it is our duty to those persons who made representations to our committee around the province and here in Toronto, and our duty to the taxpayers of Ontario, to keep our agreement and proceed to deal with the clause-by-clause amendments to the bill now, as we had agreed to do with the representative of the Liberal Party, Mr Ramsay, the representative of the NDP, Ms Boyd, and me on behalf of the government party.

I regret, given what I have heard said today by Mr Kormos, that it appears he is out of the control of his party and that he is intending, has already formed the intention, not to be bound by his party's commitments to the other parties represented by other persons on this committee. It's less clear what the position of the Liberal Party is, although I have spoken with Mr Ramsay and have made it clear to him that I expect him to keep his agreement on behalf of his party, that clause-by-clause consideration of this bill will be completed this day, this Thursday. It is now about 12 minutes after 6, so we have a little bit less than six hours in this day to complete the agreement made between the representatives for our parties. I realize that we're not in a court of law or anything like that, but one's word is one's word, particularly between colleagues in the Legislature on behalf of our parties, and I would hope that you keep your word.

That is something that is up to you, and if you think it's a political game, and if the NDP can't control Mr Kormos, and if Mr Crozier on behalf of his party does

not feel bound to agreements reached by his representative on the subcommittee and his House leader, that I suppose is a choice one lives with in one's day-to-day dealings, and I think it's regrettable.

So there we are. Now Mr Kormos wants to adjourn. We have less than six hours to complete our work here and we have quite a bit of work to do to show respect for the people who came before us and made representations, to respond to them with amendments and to deal with the amendments, to show respect for the taxpayers of Ontario who are paying the bills for us to be here and who are paying our salaries, not to waste time, not to deal with whether or/and are conjunctive or disjunctive, but to do our jobs as paid people representing our constituents in the province.

1810

**The Chair:** Are you done, Mr Flaherty?

**Mr Flaherty:** I say this with respect to timing and the adjournment, if I may: that our party —

**The Chair:** Excuse me, Mr Flaherty. The clerk has just pointed something out to me. At the present time there is an agreement of this committee and the subcommittee to meet until Thursday, which could be 12 o'clock in the evening. By moving that motion really it is debatable, I think, Mr Crozier, because Mr Kormos has opened up a whole new issue of extending the sittings of this committee to tomorrow. So it's not just an adjournment; it also overrules a prior motion of this committee and subcommittee.

**Mr Flaherty:** Thank you, Mr Chair. I will address that, if I may, directly, forthrightly and quickly, which doesn't seem to be the want of Mr Kormos certainly. The agreement reached between the parties is that we would deal with this matter today and that we would complete our clause-by-clause work today. Our members are here. We're prepared to do our job for the taxpayers of Ontario and show respect for those who appeared before us across Ontario — more than 200 people in the last three weeks.

If Mr Kormos and Mr Crozier, on behalf of their respective political parties, are of the view that it is necessary to spend tomorrow also considering the bill and can commit to completing clause-by-clause consideration of this bill tomorrow, in addition to confirming that it is necessary that the time be used tomorrow, then I am certainly prepared, on behalf of the government members — I hope they would support me on this — to undertake to adjourn at midnight tonight until tomorrow and continue tomorrow and get the report to the Legislature after we complete clause-by-clause tomorrow. This would have to be on the basis of on-the-record commitments by both of you gentlemen representing your political parties here, because right now the agreement we have had for two months is that we would complete clause-by-clause today. I'm not sure about the Liberal Party, but certainly Mr Kormos has already indicated on the record that he will not be bound by the commitments of his political party.

Those are my comments with respect to the request for adjournment.

*Interjection.*

**The Chair:** Excuse me, Mr Kormos, you do not have the floor.

*Interjection.*

**The Chair:** Mr Kormos, if you wish to rely upon me applying the rules in your favour, you also should be taking the obligations of those.

**Mr Kormos:** Why does he lie like that?

**The Chair:** He has the floor.

**Mr Kormos:** He's been struggling to try to get some spin on this. The so-called high-priced help has been stranded.

*Interjections.*

**Mr Kormos:** Flaherty has lied from day one and he lies —

**Mr Flaherty:** You can dish it out but you can't take it, Peter.

**The Chair:** Mr Kormos, again you have used the word which you know is not permitted in our Parliament. For about the 10th or 11th time I point out to you that you are unparliamentary by the use of that word.

**Mr Kormos:** That may well be, but he lied again.

**Mr Flaherty:** Just to sum up, if I may, we intend to complete our work today pursuant to the agreement that was reached between the three political parties. I realize that Mr Kormos is breaching the agreement, wants to and is doing so intentionally and wilfully. I cannot control Mr Kormos's lack of commitment to his political party. He chooses to sit as a member of a political party; I don't know why if he doesn't feel committed to it and doesn't feel bound by his political party. Ms Boyd is not here, and I guess Mr Kormos doesn't feel any sense of obligation or commitment in that way, which is regrettable. I hope that the Liberal Party would stand by their agreement; I would expect them to stand by their agreement.

Having said that, I repeat that if the Liberal and NDP members are prepared to say, "We need some more time; we'll complete our work tomorrow" — they feel we need some more time — then I'm sure the government members would be prepared to work till midnight tonight. We're being paid by the taxpayers. We'll work till midnight tonight, start again tomorrow and work again tomorrow to get the job done. If, on the record, both of the parties opposite are prepared to make that commitment that we'll complete the work clause-by-clause tomorrow and report the bill, then I would be prepared, of course with the government members' support, to continue not only till midnight tonight but also tomorrow.

**The Chair:** We have Mr Kormos and Mr Crozier.

**Mr Kormos:** I'll switch places with Mr Crozier.

**Mr Crozier:** Mr Chair, do we have access to the minutes of the subcommittee meeting?

**The Chair:** Could we dig it out? Let's take five minutes, could we?

**Mr Crozier:** Yes, if you give me five minutes.

**The Chair:** So you can take a look at it. Recess for five minutes so we can examine the minutes.

*The committee recessed from 1817 to 1823.*

**The Chair:** We'll reconvene, and Mr Crozier has the floor.

**Mr Crozier:** Thank you, Chair, for your indulgence. I have the subcommittee minutes here. It's my understanding that the way they were dealt with was that the whole committee gave the subcommittee authority to deal with the scheduling, and these subcommittee minutes,

number one, have never come back to the main committee and been adopted. Is that correct?

**The Chair:** That is correct, Mr Crozier.

**Mr Crozier:** I think it would be helpful if we went through the procedure rather than me make a lot of assumptions. Now, when I look at these minutes, there certainly is without doubt a schedule. It says, "The committee will meet for three weeks, commencing on August 6, contingent on a schedule from the House leader as follows," and it lays out the dates: "Wednesday, August 21, Thursday, August 22, Toronto, clause-by-clause."

Although I have to admit I've never seen an agreement in writing, it's my understanding that if there is agreement to limit the clause-by-clause, it's part of that agreement that you also specify how any amendments that have not been dealt with will be handled. They are deemed to have been debated or something like that and all the votes are taken at once. There's nothing in these minutes that refers to any point in time at which we will have deemed to have dealt with those amendments.

That leads me to believe, in the absence of my House leader and the subcommittee person, that there was no agreement, that perhaps it was an omission and perhaps it was an assumption on somebody's part that would be the end, and an assumption on someone else's part that if business was not concluded Thursday, August 22 — because that's all the House gave us time for and they did allow us to meet on Fridays, I think, but they only gave us the certain three weeks and the option to meet on Friday — it would then take its normal course; the committee would adjourn and it would reconvene when the regularly scheduled meetings of the justice committee will be held in September.

Now, I'm saying that without trying to slant it in any way. I'm telling you, that's the way I see it. And the important part is that there is no specific agreement here outlining how amendments would be handled that haven't been debated. Certainly the subcommittee members, with the assistance of the clerk and others — if there was an intention to limit clause-by-clause to just these two days, I would have thought someone would have tied up the loose ends, because certainly in these minutes I see there are loose ends.

I've spoken with the House leader today, Jim Bradley. He did not suggest to me that if we didn't work diligently and get all our amendments debated we'd have to have them all deemed at the end; that was not mentioned. The parliamentary assistant, Mr Flaherty, sat here and discussed the issue, he's admitted, with Mr Ramsay. I was not party to that conversation. If Mr Ramsay gave any kind of a commitment that it should end today, that was not communicated to me. I can only go on what I know. Therefore, as long as this committee is in session, I feel it my obligation to be here and speak.

It was mentioned in the debate on this motion that with respect to our duty to the people of Ontario — and, yes, we did hear more than 200 or around 200 submissions. You would have thought, from somewhere in those 200 submissions, some of us would have heard some of the pleas on behalf of our constituents — and they're all our constituents, I think, when we're on a committee like



this — and we would feel the obligation to work on their behalf. In retrospect, maybe two days isn't enough time to debate all of the information that we get from 200 applicants.

So I feel an obligation, as a matter of fact, that if this committee feels it should sit till midnight tonight and sit till midnight tomorrow night and then adjourn until the House returns and regular sessions of this committee begin, and sit till midnight every night that it need be done, until all of the amendments are debated from all of the members, from what we feel we've heard from all of those people who took their time — in fact, if there had been any kind of a time allocation, I would feel guilty that we're not giving it enough time in light of all the work that's gone into the submissions that have been presented before us.

I say again, Chair, nothing has been communicated to me. I'm not trying to hide anything. That's the way I see these minutes, and frankly I don't see any agreement. I don't even see the word "agreement" in those minutes. Therefore, I'm speaking for the motion.

1830

**The Chair:** Mr Kormos, and then Mr Guzzo.

**Mr Crozier:** You have to understand precedent and how this place is run too. You handle amendments. You allow for the handling of amendments.

**Mr Kormos:** You know, yesterday Mr Flaherty's spin on this, because he was scrambling, was, "Oh, the House leaders agreed." I said: "Oh, well, we'll find out then, Jim. I'll talk to the House leaders' office." I got it. "The House leaders agreed." That's what Jim Flaherty said had happened, the House leaders agreed.

So I talked to the House leaders' office last night and once again this morning. Huh? No. Not. Now, why would Jim Flaherty say that if it didn't happen? I talked to Jim Bradley, the House leader for the Liberal caucus. Jim Bradley's been here for a million years — well, not quite; just for 22 or so — and Jim Bradley left me with the distinct impression no, not. I'm going: "What gives? Why would Jim Flaherty say that?"

Now today it's converted to, "Oh, the subcommittee decided that." Interesting. You would think Mr Flaherty would have said that yesterday so we could speak with — because Mr Ramsay was here yesterday all day. He was here this morning. Granted Marion Boyd ain't in town, but I would have been more than content to talk to Mr Ramsay. I've known him for a good chunk of time. By God, he used to be a New Democrat, so I've known him in his capacity as a New Democrat and as a Liberal. I quite frankly wouldn't have hesitated to talk to Mr Ramsay and say: "Dave, what gives? You were on the subcommittee." It wasn't raised earlier today while Mr Ramsay was still here, nor was it raised yesterday.

God bless the clerk for making minutes of the subcommittee meeting. I've known the clerks here for a good whack of time, and I know them to be conscientious and thorough and complete, bar none. So I was as interested in reading the minutes as was Mr Crozier because, by God, Mr Flaherty, he's in here, "Oh, Kormos is out of control." He ain't seen out of control. Hold on to your seat, Chair. "Kormos is out of control. Crozier's in trouble because he's hooked up with Kormos." No, the

real problem is that this stuff is getting bad spin in the press. That's what's happening, and the ministry's little press people are run ragged trying to restore some credibility. I've been around long enough to see that happen many times as well.

Let's take a look at the memorandum prepared by the clerk: "Noted below is a summary of the subcommittee decisions reached at yesterday's meeting." She then proceeds to point out that she's going to go ahead and do the practical things.

"1. The committee will meet for three weeks commencing on August 6, 1996...." Boom. The first week: Toronto, Toronto, Thunder Bay, Kenora, Toronto, Fort Erie, Toronto. That's the first two weeks, yes. Then Sarnia, Ottawa, Sudbury. And then Wednesday, August 21, Toronto, clause-by-clause; Thursday, August 22, Toronto, clause-by-clause.

Oops, I turn the page, because I'm waiting in anticipation. My appetite has been whetted by Mr Flaherty's melodrama.

I go back to the first page: Toronto clause-by-clause, Wednesday, August 21; Toronto, clause-by-clause, Thursday, August 22. I go to the second page again. That's it, because on the second page we start up with the procedural matters.

"2. The Minister of Consumer and Commercial Affairs will be invited to appear at 1 pm on Tuesday, August 6.

"3. The committee will place one advertisement in the English and French...newspapers in the cities in which public hearings are to be held." Standard sort of stuff.

"4. Time slots for witnesses will be 30 minutes; however, if it is necessary to accommodate more groups, the time slots will be 20 minutes.

"5. The clerk is authorized to arrange the scheduling of witnesses based on 'first calls — first scheduled,' and the daily itinerary of the committee as discussed by the subcommittee."

But the rest is blank space. I'm looking for the third page. I rattle the pages to see if they're collated out of the photocopy machine as if they're out of order. Because you see, Chair, please, I know what the memorandum of minutes says when there's been an agreement for effectively deeming or time allocation. I know what the minutes say. I know how the clerks report that. I've been involved in many, many, many of them.

This says exactly what it appears to say and I am confident it accurately reflects the subcommittee meeting, and that is that two days would be dedicated to clause-by-clause consideration. End of story.

**Mr Crozier:** Out of the three weeks.

**Mr Kormos:** Out of the three weeks — Wednesday and Thursday. End of story. If Mr Flaherty thought something else, that's interesting, because he was present at that subcommittee meeting, and yesterday he was telling me it was the House leaders who had agreed.

**Mr Flaherty:** For three weeks.

**Mr Kormos:** Yesterday he had been telling me that it was the House leaders.

**Mr Flaherty:** For three weeks, you goof.

**Mr Kormos:** Yesterday Mr Flaherty was telling me that it was the House leaders who had agreed that there would be —

**Mr Flaherty:** You really are a goof, you know that?

**Mr Kormos:** — only two days for clause-by-clause and that at the end of the two days there would be time allocation and deeming. Yesterday Mr Flaherty was telling me that the House leaders agreed and he told that to Mr Crozier, as well.

Chair, there's something very unsettling about this, very unsettling, because Mr Flaherty can't have his way all the time. He can have his way when it comes to votes because he can whip his little flunkies into shape.

*Interjection.*

**Mr Kormos:** I'm sure you do. He can have his way — *Interjections.*

**The Chair:** Excuse me, Mr Kormos has the floor.

**Mr Kormos:** He can have his way when he's dealing with little people, so he can tell them, "Madam, didn't you know that more people died of alcoholism during Prohibition than at any other time?"

But unfortunately, Mr Flaherty is caught by the memorandum of the meeting of the subcommittee and exposed for what he is. Mr Flaherty yesterday was telling myself and Mr Crozier that it was the House leaders who had agreed on essentially deeming or time allocation, even though there was no motion in the House to that effect. I was concerned enough about that, coming from Mr Flaherty, that I checked with the House leader's office, my House leader, and I subsequently as well spoke with — I checked with my House leader's staff person, who is the same as the previous House leader's staff person, and I subsequently spoke with Mr Crozier and Mr Bradley from St Catharines.

All of a sudden this morning the story — I thought something was strange yesterday. I thought something stunk, because he's telling one person that it's subcommittee one time during the day, another time during the day that it's House leaders. I'm going: "Whoa, this is getting pretty convoluted. This is getting pretty mixed up. It's starting to be all things to all people," and I see these minutes. You see, Chair, if this had been my first walk around the block, I wouldn't say this with such confidence, but it ain't. I know what minutes or memoranda of subcommittee meetings say when there has been the type of agreement that Mr Flaherty refers to and I know what they say when there wasn't. These don't say it and there weren't. It's as simple as that.

Mr Flaherty might have screwed up. I understand that. That's human nature. We've all screwed up. I've done it myself, no two ways about it. When you screw up, Mr Flaherty, you've got to move on. It's as simple as that. When you screw up, Mr Flaherty, you've just got to move on.

1840

**Mr Flaherty:** You're so insulting.

**Mr Kormos:** When you screw up, you've just got to move on. You can't try to weasel your way out of it and you can't go backwards. It's not like when you wake up in the morning after doing a fender bender in your car and going outside and saying, "I wish it were a dream." You've got to live with the reality of it.

Mr Flaherty, here is the memorandum. Here are the minutes of that subcommittee. I want the record to reflect them accurately and in their entirety, Chair. I think I

deserve that much. It's a memorandum. It's two pages, printed on one side each page. It's a memorandum dated June 28, 1996. It's addressed to Gerry Martiniuk, Marion Boyd, David Ramsay, Jim Flaherty, "justice subcommittee for Bill 57" — I'm sorry, "Bill 75." See, I just screwed up, but I acknowledged it. No harm done. I said 57 and it was actually 75.

"From: Donna Bryce, Clerk

"Subject: Subcommittee decisions regarding organization for Bill 75 — Alcohol, Gaming and Charity Funding Public Interest Act, 1996."

It's then underscored to isolate, presumably, the reference lines from the text of the memorandum. This is the beginning of the text of the memorandum:

"Noted below is a summary of the subcommittee decisions reached at yesterday's meeting. I will go ahead and start making arrangements based on those decisions; however I would point out that some of the cities and dates may require organizing based on travel, hotel and meeting room arrangements.

"Also included for your information is the advertisement for Bill 75 which is intended to go out for publication on July 5 (July 9 for the Fort Erie Weekly). Please note that the deadline for people to call in is July 15. The dates for each city has specifically been omitted as arrangements need to be finalized.

"1. The committee will meet for three weeks commencing on August 6, 1996 (contingent on schedule from House leaders) as follows:

"Tuesday, August 6, Toronto (1 pm to 5 or 6 pm)

"Wednesday, August 7, Toronto (evening travel to Thunder Bay)

"Thursday, August 8, Thunder Bay (evening travel to Kenora)

"Friday, August 9, Kenora (½ day)

"Monday, August 12, Toronto

"Tuesday, August 13, Fort Erie (day trip by bus)

"Wednesday, August 14, Toronto

" — half day video conference with three expert witnesses — Manitoba, Nova Scotia and third to be determined — one-hour time slots

" — half day — public hearings

"Thursday, August 15, Sarnia (day trip by air)

"Monday, August 19, Ottawa (travel in am by air) (evening travel to Sudbury)

"Tuesday, August 20, Sudbury

"Wednesday, August 21, Toronto — clause-by-clause

"Thursday, August 22, Toronto — clause-by-clause"

Second page, and beginning with section 2:

"2. The Minister of Consumer and Commercial Relations will be invited to appear at 1 pm on Tuesday, August 6. The critics will make statements followed by a technical briefing as noted below:

"20 minutes — statement by minister

"20 minutes — statement by Liberal critic

"20 minutes — statement by NDP critic

"45 minutes — questions (15 minutes for each caucus)

"one hour (or two if necessary) — technical briefing by the ministry

"one hour — questions by members (20 minutes per caucus)



"3. "The committee will place one advertisement in English and French (in designated areas) newspapers in the cities in which public hearings are to be held. For Toronto, the committee will advertise in the Toronto Star and the Globe and Mail.

"4. The time slots for witnesses will be 30 minutes; however, if it is necessary to accommodate more groups, the time slots will be for 20 minutes.

"5. The clerk is authorized to arrange the scheduling of witnesses based on 'first calls — first scheduled'; and the daily itinerary of the committee, as discussed by the subcommittee."

That's the end of the text of the memo. The balance of the page is blank other than "c.c. Andrew McNaught, Research Officer."

Once again I appreciate the opportunity to address this matter. I regret if there's any suggestion that the clerk failed in any way — because there's certainly none intended on my part — to accurately memorandize the subject matter of the subcommittee discussions, of their agreement, or failed to accurately reflect not only the subject matter but the intent and spirit of it as well.

As I said, I'm familiar with these memoranda. I'm familiar with the manner in which clerks have for a long time been documenting these things. It is my experience that this memorandum documents exactly not only what took place, but it's very specifically contrary to what Mr Flaherty says took place.

I also register and underscore my concern about the fact that yesterday Mr Flaherty was insistent with me that it was the House leaders who agreed to this matter being finished for clause-by-clause, wrapped up, done deal, at the end of the second day of clause-by-clause. Today he changed his line to say it was subcommittee members. I find that most peculiar.

I should respond to Mr Flaherty's request for a commitment: Not on your life. I have a motion on the floor, sir. Once the question is called, I'll be requesting a 20-minute recess.

**The Chair:** If I can be of assistance, I think Mr Crozier did possibly suggest an amendment that we sit tonight and then adjourn till tomorrow at 10, which would permit this committee to serve the public. Did you not make that suggestion? I thought you did.

**Mr Crozier:** No, I supported the motion. I don't think I made an amendment.

**The Chair:** That's fine. We have Mr Kormos — no, not Mr Kormos; Mr Guzzo.

**Mr Guzzo:** You're close. Is that actual? You called me Kormos, you know.

**The Chair:** Mr Guzzo, I feel badly that I have been cutting you off throughout the hearings, and I can tell you now you have unlimited time. Please proceed.

**Mr Guzzo:** First of all, I agree with my friend Mr Kormos when he says we must live with the reality of the situation. I regret to say that the reality of the situation is that our colleague Mr Flaherty, on four occasions today that I heard, has been called a liar on the record in this chamber. I say four occasions because I heard Mr Kormos say it on three occasions. I want to say for the record that the statement of Mr Crozier immediately preceding that of Mr Kormos just as assuredly and

definitely called Mr Flaherty a liar as did the comments from Mr Kormos later.

Having said that, I think it's incumbent upon me to indicate that there were other people in the room when negotiations took place between Ms Boyd, Mr Ramsay, Mr Flaherty, and we're in a position to hear from you, sir, if there is anything you wish to add. You were there, I think, at that time. My point in speaking now is strictly for the record, to indicate that the comments of Mr Crozier are as out of line and unparliamentary as the comments of Mr Kormos when he has at least the backbone to look the man in the eye and call him a liar and use the term. But that is in fact what Mr Crozier's comments said to Mr Flaherty.

**The Chair:** Thank you, Mr Guzzo. Mr Crozier?

**Mr Crozier:** I'm quite willing to —

**Mr Flaherty:** Was I not next?

**The Chair:** I did not have you down.

**Mr Flaherty:** Sorry, then.

**The Chair:** You can come back.

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**Mr Crozier:** Mr Chair, I'm quite willing to listen to any ruling you might have on what Mr Guzzo just said because you have been a diligent Chair. You have intervened when you thought that unparliamentary language was being used. I did not hear it when I was speaking. In fact, I will go as far as to give the opportunity to Mr Flaherty to give his opinion if he thought in any way, shape or form or insinuation that I was calling him anything unparliamentary. Did I, Jim?

**Mr Flaherty:** I will speak in a moment.

**Mr Crozier:** Jim, I'm asking you as a man: Did I?

**Mr Flaherty:** I didn't hear you call me a liar or anything like that, no.

**Mr Crozier:** Did I insinuate that you were?

**Mr Flaherty:** Insinuation —

**Mr Crozier:** Man to man, did you feel that I was calling you anything unparliamentary?

**Mr Flaherty:** No. I think you're in the difficult position of not having been at the meeting.

**Mr Crozier:** I'm not in a difficult position. I'm asking you as a man to answer some comments that have just been made in this committee.

**The Chair:** Mr Crozier —

**Mr Crozier:** Mr Chair, I need your indulgence, by God. This is important. It's important to me; it's important to my integrity; it's important to the way I approach this committee. I need an answer from Mr Flaherty.

**The Chair:** I'll give you an answer, because a point of order was raised, Mr Crozier, and I heard nothing that was unparliamentary. As a matter of fact, you specifically stated that if the assumption was made, it was unfounded, but that's all you said. I heard no innuendo that would state that Mr Flaherty was in any way stating an untruth at any time.

**Mr Crozier:** Thank you, Chair. I still would have appreciated hearing more from Mr Flaherty. But that's okay, Jim. I certainly did not and would not, as far as I'm concerned at this point in time, ever insinuate anything like that.

Just for the record, though, I would like to point out from my perspective that yesterday in our discussion — it

was because I heard interjections when Mr Kormos was speaking — when Mr Flaherty and I spoke in the hallway in the afternoon, the only thing that was mentioned by Mr Flaherty was that there was an agreement of the House leaders. I undertook at that time and in fact made a suggestion that we check with our House leaders, which I did, and this morning I confirmed with my House leader that there was no agreement, the point being that the only thing that was mentioned to me was the House leader. I only heard of an agreement between members of the subcommittee late this afternoon, before we began this debate, and that's why I asked for the minutes before I even spoke.

Chair, I need that for the record.

**Mr Guzzo:** You were there, Jim; you were at the meeting. Tell them what was said. He'll call you a liar again.

**Mr Flaherty:** Despite the provocation of Mr Kormos, I am not wont to get involved in ad hominem argument or call people names. I haven't conducted myself that way in the past and I don't intend to start now because one member feels obliged to act in an outrageous and insulting way.

Mr Crozier —

**Mr Guzzo:** Who are you talking about now?

**Mr Flaherty:** Mr Kormos is the member to whom I am referring.

To respond to Mr Crozier, and I think I should, I did not take offence with anything you said in your remarks, nor did I hear anything unparliamentary.

With respect to the discussions we've had, the House leaders agreed that this committee would have three weeks for consideration of this bill, and that's the matter I discussed with representatives of both opposition parties yesterday. It was the whips who agreed on which three weeks and it was the subcommittee that agreed on how we would use the days we were allocated in those three weeks. That's the normal process, that's what we did and that's how we come to this place at this time. The subcommittee decided to use two days for clause-by-clause; more could have been used, and then less travelling and fewer witnesses. We were to deal with this matter in that time frame. That was the agreement and that's what I'm talking about.

I understand there's a failure to live up to that agreement, certainly on the part of Mr Kormos and his party. He's made it clear today, on the record, that if the committee did sit tomorrow he'd just filibuster all day anyway and waste everybody's time and the taxpayers' money, so there's no point in proceeding that way, I suppose. We're left with the motion to adjourn, which I will oppose, because it was agreed that we'd deal with this matter now in these days clause by clause and we're here to deal with it. I would perhaps foolishly suggest to the member for Welland-Thorold that he use the time constructively to actually debate the bill and proceed with clause-by-clause. I'm sure we could complete our work in the next five hours. I know that is a wishful thought on my part, because he does not share our concern with earning our money here.

Those are my comments on the motion to adjourn.

**The Chair:** Thank you, Mr Flaherty. Are there any further comments before I put the question? The question is to —

**Mr Kormos:** Would you put in the question notice that I will be seeking a 20-minute recess, please.

**The Chair:** The question is that we adjourn immediately to 10 am tomorrow. All those in favour?

**Mr Kormos:** Please, Chair, a 20-minute recess.

**The Chair:** We have 20 minutes. We shall return at 7:20.

*The committee recessed from 1857 to 1917.*

**The Chair:** Recorded vote?

**Mr Kormos:** Yes, sir. Thank you.

**The Chair:** We have the question on the motion to adjourn this hearing to 10 am Friday, August 23, 1996.

**Ayes**

Crozier, Kormos.

**Nays**

Clement, Flaherty, Ford, Guzzo, Parker, Rollins.

**The Chair:** The motion fails.

**Mr Kormos:** I was prevailing upon the good judgement of the government members to recognize how important an addition Mr Kennedy's amendment is to section 2. I needn't rehash, I'm sure, the history of concern and, quite frankly, abuse of premiereal fiat to —

**Mr Flaherty:** On a point of order, Mr Chair: I can't hear the member. If he's speaking, I can't hear him.

**The Chair:** Speak up, Mr Kormos. Everybody is interested in hearing.

**Mr Flaherty:** He must be saying something important.

**Mr Kormos:** I'm sure people will be eager to listen patiently. The microphone's not working as well as it should.

**Mr Flaherty:** Speak up.

**Mr Kormos:** I spoke of the history of premiereal abuse in general use of the premiereal fiat to make appointments in this matter. I spoke, as you will recall, of the history of the Conservative Party's concern about very specifically that — their concern about pork-barrelling or patronage. I indicated that I shared that concern. I indicated that some governments tended to be better at patronage than others. In my view, the last government wasn't very good at patronage. Indeed, there were a whole lot of members of the governing party that expressed concern about that frequently.

I suppose governments as well feel compelled, just as Brian Mulroney did in his appointment of Stephen Lewis to the United Nations, among other places, to try to generate the illusion that patronage isn't their focus. The last government appointed Andy Brandt as head of the Liquor Control Board of Ontario, the LCBO — not the alcohol control board of Ontario, the Liquor Control Board of Ontario. One can't help but conclude that the same patronage is going to be employed or utilized indeed to the point of exhaustion here.

My previous amendment would have eliminated any possibility of a criticism on the basis of patronage, and it's unfortunate, as I say — I regret that it was defeated by the government members, especially in view of not



them but their colleagues' history of criticizing pork-barrelling. I suppose when you see how this government appoints people like Evelyn Dodds to the Social Assistance Review Board, and the evil that she has inflicted in short order in the course of her role there, I get the distinct impression that this government has no more interest than previous governments in legislatively mandating a way — clearing the slate as such — to ensure that patronage becomes a mere historical phenomenon, one of the past rather than one that remains as the status quo.

Obviously, Mr Kennedy in his motion has created a great deal of flexibility for the government, because it requires that only one of the people on the board — again, there's no limit to the size of this board. In view of the amount of money that's going to be generated, one might anticipate that this board could become a veritable retirement home for defeated candidates and other Tory hacks. There's no limit. There will be limitless resources available to the commission because we know there's going to be an incredible amount of money generated by slots as a result of the victimization of slot players — primarily the focus has been on gambling addicts here in the province of Ontario — billions.

It's imperative that some interest in the victimization of these people, in the impact of their victimization on the community, be central to the activity of this commission as it carries on its business. Once again, we know the government can put people on this commission in such a way that — just as opposition members here in committee are essentially without power. Of course, the government can outvote them any time of the week, assuming enough government members are here to form a minimum number of people. We're going to talk about that, about the board of directors too, in future motions.

It's imperative, and you've heard that, that somebody be on this board, and that it be essential it be legislated that somebody is on this board, who will address the issue of public health, victimization. There are amendments waiting to be moved which call out for supervision of the regime as it develops, with emphasis in particular on public health and the impact of this proliferation of slots on public health.

The economic costs of illness and disease — and we're talking about addictions here — can be put into two categories: direct and indirect costs. In the instance of gambling, direct costs are those dollars that are lost to gambling as well as the money that the society, the community, the health care system, the addiction research system, has to expend, or in this case the gaming commission has to expend, for protection.

There's a need, again, to engage in a process of identifying, because the research tells us that most gambling addicts are loath to identify themselves as gambling addicts. I don't think there's any quarrel with the fact that most alcoholics and, indeed, many drug addicts are disinclined to identify themselves as addicted to alcohol in the case of alcoholics, or addicted to drugs in the case of drugs.

So there has to be proactive exercise in detecting. You can't just throw the money out there, putting up bulletin boards or signs on bulletin boards and expecting people

to come forward and surrender themselves. It's like that old Jack Lemmon movie with — who was the woman who starred in it? — *Days of Wine and Roses*. Lee Remick, I think, was in that classic old film about alcoholism and self-enlightenment and seeking out the cure and taking that big step. It's a movie and it's Hollywood drama, but it has been heralded by, among others, AA as portraying a pretty accurate picture of the depths to which people can descend in the course of suffering that disease. So detection is going to be a particularly important function.

You've also got the issue of prevention. That's a far more difficult task, because we know so little about gambling addictions. Then, at the end of the day, you've got out and out treatment. Again, the treatment programs are few and far between. They aren't well defined. Treatment, detection and prevention may well become a central role in the function of the commission. But those are direct costs.

We also have to concern ourselves with the indirect costs of gambling addiction. Those were referred to in no small part by Marlene Pierre. We were up in Thunder Bay when she spoke on behalf of native women. She was speaking very specifically about the indirect costs. She said: "Okay, fine. You're going to have 2% of the revenues from slots going to addictions research and treatment. Who's going to pay for the battered spouse, the abused spouse? Who's going to pay for the children whose lives are destroyed?" Indirect costs are also the costs that are linked to lost productivity which gambling-addicted people are part and parcel of. It's income forgone.

Quite frankly, in the case of gambling addicts, the pathological gambler, most of their working hours are devoted to gambling and the lost productivity — I say to you there can be a serious economic cost. There have been some numbers presented to us, or at least available to us in the research, as to what it costs, what a gambling addict costs the community. Again, the numbers I acknowledge are all over the place because the work, the study and the analysis in that area are, oh, so incomplete, but we know that it's five-digit losses. The numbers that have been provided and available through the research are \$10,000, \$20,000, \$30,000, \$40,000 per annum per gambling addict.

As I indicated, in the case of the gambling addict the lost productivity at work is profoundly — and this is suggested by any number of researchers — greater than it is with the alcoholic or drug addict because alcoholics or drug addicts are almost inevitably at work performing — although probably no doubt in anybody's mind not as efficiently as they could — their job. Indeed, drug addicts and alcoholics report to work in this province, in this country, throughout the world, on a daily basis. One isn't surprised at that. But the gambling addict, we're told, although he or she goes to work, has an even more marginal participation in the daily workday, is even less productive by and large than the alcoholic or the drug addict and indeed exploits the job site too. The gambling addict is at work reflecting on how she or he is going to find that \$50, \$100, \$150 or \$200 to carry them through the night at the slots.



We went through just a little while ago a series of — again newspaper reports, I acknowledge that they are — but a series of reports outlining this very phenomenon. Once again, lost productivity, we're talking about the high levels of theft from employers. Indeed, one newspaper report suggested that a source had indicated that 50% of all employee-employer theft is committed by gambling addicts. Even, if you will, the prospect of the interference of a gambling addict with fellow employees, putting the touch on them for 20 bucks or 50 bucks, and one wonders how many of us have undergone that perceiving it merely as inconvenient and failing to recognize that we were dealing with a bona fide gambling addict.

Again, I know so well, I've heard it so often, the citation from Gfellner about the statistical average, twice a week, 30 minutes a pop, \$10 each crack. Well, the fact is that if the average were every gambler, the owners of slots wouldn't make a whole lot of money.

Look, there are all sorts of data because there's data that are pre-slots. I took a look at a report that was prepared in the state of Maryland, where at the time, because this was 1987 through to 1989 and 1990, the years covering that time frame, there was not a legal slot machine jurisdiction in Maryland even though it was conceded that the grey machines, as they are here, were readily accessible. There was, however, a very popular — because Maryland, as some of you will be aware, was well known well beyond the state of Maryland for its state lottery system. What was interesting in Maryland, the research that was done at the instance of the Maryland Task Force on Gambling Addiction, was the profile of addicted gamblers, addicted pathological and problem gamblers, underemployed or unemployed and with, catch this, a tendency to gamble on the low-priced games, be it, and I can see it, bingo or lotteries or video poker machines, slot machines, the very sort of stuff we're talking about right here and now.

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The rationale wasn't hard at all. Those forms of gambling require a small outlay of money. You can go there with a loonie, although a loonie won't last you long. They don't have loonies in Maryland. They have loonies in Maryland, but they don't have the loonie coin. The readily accessible gambling venue is what attracted the pathological, problematic gambler, and that's exactly again what's been said time after time after time here during the course of these hearings, citing among others the Gfellner report from Manitoba.

How do we bring this home in a very direct, very specific way to the commission? I have no doubt the commission is going to be receiving over the course of time any number of submissions to it reporting back from any number of agencies or institutions being funded to investigate and research gambling, or from individuals whose families suffer from the impact of addictive gambling or compulsive or pathological gambling, or from newspaper reporters doing investigative journalism, or as a result of police investigations, or hopefully as a result of the type of ongoing review.

*Interjections.*

**The Chair:** Thank you, Mr Kormos.

**Mr Kormos:** No, Chair. I was distracted by the noise in the room. I expected —

**The Chair:** I wasn't distracted, Mr Kormos. I suggest you proceed or yield the floor to somebody else. Is there anyone else who wishes to make a submission?

**Mr Kormos:** I haven't yielded the floor.

**The Chair:** Fine, then continue.

**Mr Kormos:** I see the Chair is getting cranky. If the Chair would exercise some control over the meeting place —

**The Chair:** The meeting place is fine, Mr Kormos. You seem to be the problem.

**Mr Kormos:** God bless you, Chair. The Chair is getting cranky.

**Mr Clement:** You can make us sit here but you can't make us listen.

**The Chair:** The Chair is getting cranky, and so are some of the other people. My God, it's only quarter to 8 and —

**Mr Clement:** This is not a police state, Mr Kormos. We don't have to listen to you.

**Mr Kormos:** It's only quarter to 8 and already the hyenas — do hyenas howl at the moon? Is it a full moon? I certainly hear howling and squealing.

**Mr Guzzo:** You have a tag team partner. Let him take over.

**Mr Kormos:** Oh, Mr Crozier will have lots of time to address any number of issues here.

**Mr Rollins:** I'd just like it if you'd talk about the motion.

**Mr Kormos:** So-and-so over there is having trouble running his finger down the page. What we're talking about is there's a serious phenomenon of gambling addiction. And clearly that being the concern that's being addressed by Mr Kennedy in this most liberal amendment — I say that not in that it was partisan, but I say that in that it was liberal in the true sense of small-l liberal because it gives the government so much leeway — I would truly be surprised to find the government members not supporting this amendment. I would truly be surprised.

**Mr Clement:** Let's put it to the test, Peter.

**Mr Kormos:** The government has tried to market itself as having concern about the public health issue. It talks a big game. Although they haven't been inclined to put it in the legislation, there's an amendment coming up some time over the next few months that will put the 2% promise into the statute. I think that's a very important amendment. That amendment may well be amended by others who feel that 2% is certainly a low ball, in view of the incredible potential impact on the communities that are going to have slot machines in them.

Why I speak of it as a liberal motion is because it still gives the government so, so, so much leeway. The government can, if it wishes, in exercising its unilateral power to appoint whatever hack it wants to the gaming commission, appoint enough hacks, like it has with district health councils and police services boards, so that the one person with expertise in the field of public health or in the field of charitable organizations is simply overwhelmed by the numbers such that that one representative is a mere token.



Now, far be it from this government to engage in tokenism, because I don't even think, from what some of the howling was by way of interjection here, that they're even prepared to give token or lip-service to the prospect of having somebody with a focus on the charitable institutions' interests or on the public health interests. They're not even prepared to pay lip-service to it by virtue of adopting this amendment.

Really, Mr Kennedy, in some respects, let the government off the hook. I suspect that he was trying to be as conciliatory as he could possibly be, that he recognized that the government had little, if any, real interest in the problems of gambling addiction and pathological gambling, that the government probably wasn't going to keep its commitment to \$2 million once it gets its greasy, greedy, slimy little fingers on the money out of these machines that came out of the pockets of the unemployed and the underemployed and the poor. It's going to be hard-pressed to part with it.

I suppose at the end of the day this money could pay for any number of research teams that'll do the government's bidding and report back that, oh, the government has such a great scheme here, that the reports of gambling addiction are exaggerated or there's an overreporting phenomenon. I suppose the government could do that, and the government might. If it doesn't have this representative that Mr Kennedy speaks of, the government probably will. Why, it probably will, Chair.

Does the same concern exist with respect to representation for the interests of charitable organizations? I guess so. Indeed, it exists so strongly because we note once again that this government, with its slovenly, sloppy and poorly prepared, poorly conceived legislation, fails to put into the legislation what it promises will be 10% of the proceeds from slots to charitable institutions, fails to put in the legislation any indication that there is going to be a model for distribution.

You heard the concerns. Charities and other non-profit organizations are tired of having to line up and wait their turn. When it comes to a municipality getting its share of the proceeds, they know that the biggest are going to get the most. They know that the people who can afford the high-priced, Tory-connected consultants to write the applications, to fill them out, are going to be first in line. They know that, and you heard them say that during the course of the committee hearings. Why doesn't the committee want to listen to them?

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I suspect these Tories really don't care about the small charities. They're defunding them by virtue of taking away the modest means they have to raise money now. By virtue of slot machine jurisdictions they're going to defund them by eliminating the break-open ticket industry, by eliminating the bingo industry. What does the government say? "Oh, trust us. Trust us."

It reminds me of the old story about the world's three greatest lies. The first one is, "The cheque is in the mail." The second of the world's three greatest lies is, "Your money cheerfully refunded." The third is: "Hi. I'm from the government and I'm here to help you." People are aware of that; people know that. They simply don't trust you when you say — not you specifically, Chair, because

I know you're a government hack, but during the course of these hearings you've been the Chair. But they've been pretty candid in their responses to government members who have tried to spin them and win them over, who have tried to razzle-dazzle them, who have brought the pea and shell game out there, saying, "Now you see it; now you don't." David Tsubouchi is all smiles. He's all smiles because he doesn't even know about Bill 75. He certainly hasn't been reported to by Mr Flaherty, his parliamentary assistant.

**The Chair:** You're getting off the topic again, Mr Kormos. Would you stick to the amendment before the committee, please.

**Mr Kormos:** Of course I will. So here's David Tsubouchi all smiles. But David Tsubouchi —

**The Chair:** I've asked you to stay on the topic, and that is not on the topic.

**Mr Kormos:** But, Chair, I am, because David Tsubouchi has been a long-time supporter of —

**The Chair:** Mr Kormos, I've asked you three times now. That is not on the topic. Would you please deal with Mr Kennedy's motion, because I think it's an important motion that we have to deal with.

**Mr Kormos:** Chair, you can't talk about the motion without talking about it in the context of the bill. This is an amendment to subsection 2(2) of the bill, which you know, but mind you, only of schedule 1. There's a whole lot of other subsections, a whole lot of other schedules. When you talk about an amendment, you've got to talk about the amendment in the context of the impact of the whole bill. This amendment is one that's designed to guarantee — I understand why you don't want me to talk about David, but this amendment is one that's designed to guarantee —

**The Chair:** I don't want you to talk about Mr Tsubouchi because that has nothing to do with the particular amendment before this House.

**Mr Kormos:** — that the interests of this legislation —

**The Chair:** Mr Kormos, can you not act in a parliamentary manner? I give you the greatest latitude and you persist in being the town bully. I'm sorry. I've got this job to do. I don't appreciate your behaviour but, on the other hand, you are getting off topic and I'd like you to get on it if you could.

**The Chair:** Thank you, Chair. I appreciate — please don't be cranky. It's going to be over soon.

**Mr Flaherty:** On a point of order, Mr Chair: You're not being cranky at all and I think the member knows that the standing orders provide that the member is not to debate the rulings of the Chair with the Chair. That's what the rules are. Mr Kormos doesn't care about the rules, of course. He has one set of rules for the rest of the world and one set of rules, or non-rules, for himself.

If Mr Kormos does not wish to debate the amendment before the committee, I'm certainly prepared to take over and debate that amendment and the other amendments we want to get done. We have quite a list of amendments to get through. It is now quarter to 8 or so. We only have about four hours left, according to the agreement reached between the parties, to get the job done, so I would ask Mr Kormos to please deal with the amendments. If he doesn't want to, the government members certainly are

prepared to proceed and I'm sure that Mr Crozier would be prepared to do the business that we're paid to do by the taxpayers of Ontario. So if Mr Kormos wants to go out, have a cigarette or go for a walk or something, we can deal with the business that needs to be done.

**The Chair:** Thank you, Mr Flaherty. You have the floor, Mr Kormos.

**Mr Crozier:** Was that a point of order, Chair?

**The Chair:** I assume that was.

**Mr Crozier:** Are we all allowed to speak to the point of order?

**The Chair:** If you have a point of order.

**Mr Crozier:** No, I'm speaking to the point of order. I think we're all given an opportunity, if you've ruled it to be a point of order, that we speak to it, or is that incorrect?

**The Chair:** I had suggested Mr Kormos was off topic. Mr Kormos proceeded to argue with the Chair, which he is wont to do because he pays very little attention to the rules. I take it that Mr Flaherty's comments were just pointing that out to Mr Kormos. They were quite improper. I certainly will give you an opportunity —

**Mr Crozier:** Either it's a point of order or it isn't a point of order, and if it's a point of order then we can speak to the point of order.

**The Chair:** I will certainly give you an opportunity to speak to Mr Flaherty's comments if it is a point of order.

**Mr Crozier:** I'm speaking to the same point of order. You should know that I'm inclined to agree with Mr Flaherty that people shouldn't argue with the Chair, but at the same time, throughout these committee hearings there has been, as you've said, a fair amount of latitude. I agree with Mr Flaherty about arguing with the Chair. By the same token I agree with Mr Kormos in that it's difficult to speak to a bill of this significance without from time to time referring to the minister, particularly when it's a minister who hasn't been spoken to about the bill. I think that's just Mr Kormos's concern, but I could be wrong and he could correct me.

**The Chair:** Thank you, Mr Crozier. Mr Kormos, you have the floor.

**Mr Kormos:** Once again I thank you for your guidance. We were addressed by more than a few of those interests that spoke to the matter of public health. We were addressed by representatives of the Canadian Foundation on Compulsive Gambling in Ontario. They talked about, by virtue of the material they filed, the number of teen gamblers in Ontario rising at an alarming rate. These weren't people with self-interest; these were people who didn't even mention, if I recall correctly — I'm sure that somebody is leafing through the transcript of their presentation right now and determining that I'm wrong, but I don't recall them saying, "Oh yes, we want to be a piece of the money pie." They simply want to be there telling the government that gambling is a high-risk endeavour. They wanted to explain.

Mind you, I think they should have a piece of the pie because these are public health issues that the Canadian Foundation on Compulsive Gambling addressed. Here are these poor folks, who've got an office in Windsor now, dependent on some corporate, and God bless — Arthur Andersen and Co, Audrey Hellyer Charitable Foundation,

Brentwood Foundation, CIBC, Casino Windsor, Classic Bingo, the law firm of Tait and Bradie, Norman and Harold Cayman, Ontario Jockey Club, Ontario Ministry of Health, Royal Bank of Canada, Toronto-Dominion Bank and the Windsor Star. These are corporations and individuals who donate \$1,000 or more annually. Here's a group that has a real interest (1) in the public health end, but (2) as a non-profit organization.

One thing we may well have neglected to ask them is if they have a charitable foundation number — I think that's the colloquial reference — such that you make a donation to them and you get a tax receipt. I suspect they might, because of the nature of the people giving money now. They're more inclined to do it when there's a tax break.

#### 1950

Here were individuals making these submissions that covered both facets. Remarkable, isn't it? Here's a group, one of whom could end up on the commission, on the board of directors, and the government could, by God, exceed expectations of it. It could kill two birds with one stone, if that isn't a politically incorrect phrase at this point in time. There are ornithologists out there for whom that would be an offensive proposition. Here's a group — we met with the individuals here and I don't think anybody doubted their legitimacy, their concern, their commitment. So why is the government indicating some trepidation about Mr Kennedy's modest amendment?

We heard concerns from a whole pile of sources, but we heard from Rev Doug Sly, as you'll recall, from Windsor, and Rev Dr Don Bardwell, also from Windsor, who represented the Essex Presbytery and London Conference of the United Church of Canada.

The opposition members on the committee were under perpetual attacks, saying, "Oh, their interest was purely partisan." Fair enough. Opposition members may well be inclined to want to find little weaknesses in the government to try to discredit the government. That's what oppositions do. But surely to say that about the United Church of Canada, many of whose members I suspect — far be it from me to say so for sure; I haven't done any research — just might have voted for Tories — somebody had to vote for the Tories. Lord knows there were enough of them elected. It's harder and harder to find people who will admit to it, but clearly somebody out there voted for Tories, including, I am sure, some Catholics and some United Church folks. But how can the United Church of Canada be perceived as having some sort of interest or some sort of partisan orientation?

Here is the United Church of Canada, which expressed great concern about the social impact, about the public health impact, concern for charitable institutions. How could anybody doubt the legitimacy of their concerns? They make reference to research that's been done. They rely upon that in a way that government members of this committee have refused to. They've read that research. They've undertaken the task of fleshing out what their instincts tell them. But they join with that research some concerns about the morality of this and its impact on society. Now here we are. Morality becomes an increasingly elusive question. Young Tories advocating the death



penalty: There's going to be a whole lot of argument about whether that's moral. So why would the government dismiss concerns by the United Church of Canada which are addressed in no small part by the modest proposition of Mr Kennedy?

We heard an interesting submission, and it was sort of one of a kind, from Robert Howard of the Oshawa area, from the United Way there. He identified a real problem with the government's legislation. You talk a big game about distributing some of the proceeds to charities, although we haven't defined charities. How are you going to do it? Where's your model? During the course of the last three weeks, the Liberals and I have been at times haranguing the government members and Mr Flaherty. We know how slippery he can be, but every time we had a chance to, we tried to pin him down. We just never did. The slippery little devil just wouldn't be pinned down and give a straight answer. We want to know, what are the models? What's going on here? What's the proposition?

The United Way came forward, or specifically Robert Howard from the United Way, and said, "I've got an answer for you." I thought, "Interesting." That was up in Ottawa. He travelled all the way from the Oshawa area to Ottawa to make this submission. He proposed that the United Way could become a partner, could become a player in this money distribution process. He said, "We're familiar with what we do" — can't quarrel with that. "We do it well" — can't quarrel with that either.

I'm more familiar, obviously, with the United Way down in Welland. There's never been any hint or suspicion of there being less than the highest integrity in the handling of funds on their part. By and large, although every group that doesn't get what they want feels aggrieved, at the end of the day most organizations in the community recognize that the pie is limited in size and they've got what they perceive as their fair share.

That having been done, I was surprised, I tell you, not to see an amendment introduced by the government that reflected in this case the model proposed by the United Way. One would have thought that had government members been listening and, more importantly, if they were serious, if they really meant it about including the non-profits and charitables — I guess that's a question to be asked too: When they talk charities, do they include the non-profits into their money distribution program? If they really meant it, they'd have included some sort of model, if not as part of the legislation, at least by way of — what would you call it? — a policy statement, by way of an outline so we could work it and test it. Not very satisfactory. The silence from the government in that regard is deafening and it causes, as I say, a lot of concern for a lot of people out there.

One of the proposals was consistent with other proposals we had, including from Mayor Don Cousens of Markham, Ontario, whom I like a great deal. These were a reflection of, among other things, the recommendations that had been adopted by the Association of Municipalities of Ontario. Once again, you see, you can't have it both ways. If we're going to be convinced that it's going to happen, it's either got to be in the legislation or the government members this evening have got to support Mr

Kennedy's motion, because that will let the government members state clearly that they're serious about the public health and charities issue. We haven't seen anything yet, not a single thing, not a shred of paper, not a scrap of paper that would indicate in writing that the government is prepared to keep its word. There you go.

I think this is an amendment that warrants serious consideration. I believe it's an amendment that is complementary to other amendments that are before the committee. I agree that it may be not as complete as I wish and there may well be other amendments put forward that address the need for there to be a cross-section of representation. There may well be amendments to that effect, such that the board is a meaningful reflection of the real community.

I'm urging my colleagues on the committee from the government caucus to stand up and speak out on behalf of the potential victims in their community. I know they're there. The victims are victims of gambling addictions, the economic victims of a non-sustainable industry, to wit slots, and the victims are going to be the charities and the clientele of charities. That's who the victims are. This is a chance to speak out for them, a chance to show you're on their side and not just on the side of the mob and organized crime racketeers who are peddling slot machines. Even John Gotti made contributions and helped out local and family charities. There's room even in a mobster's heart to help the underprivileged; on the one hand he helps them and on the other hand he victimizes them, but that's the nature of the game.

Surely there's enough room in this government's heart, at least in the hearts of the members who are here, to pay this modest lip-service to the victims of this scheme. I tell you that in all sincerity. Thank you kindly.

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**Mr Crozier:** I wanted to add to this debate a couple of points. As was mentioned earlier in the day, the appointment of this commission, the makeup of the commission, the type of individuals who are appointed to the commission is very important because in the years ahead it will determine how the alcohol and gaming act is administered and probably what regulations will be proposed for this legislation.

I wanted to point out that there was a study by Smith in 1992 that points out that public debate on gambling issues rarely occurs in Canada. That's why I think it's important that we debate this bill fully, because as is pointed out here, it rarely happens in Canada. So this is a rare occasion, and I would suggest, then, a good thing that we have the opportunity to debate it.

Smith, in his report, which was alluded to by Mr L.E. Henriksson of Vancouver, goes on to say that typically the scheme is discussed and approved by a province's ruling party and presented to the public as a fait accompli. I expressed an opinion earlier today, or maybe it was even yesterday — it's a while ago — that I was rather shocked by the fact that a member of the government would say that, and yet I guess that's not unusual. This is a rare occasion that we're debating it, but the admission of the member of the government that it is a fait accompli is not rare. I felt I should bring that forward to



point out to you that you're really being no different than most other governments have been, in the writer's opinion, that this is a fait accompli.

But then when it is a fait accompli, the public isn't listened to, ie, some of the recommendations they make aren't included in the final legislation. "The public outcry, for example, that has occurred in British Columbia and many other provinces and the flourishing interest in casinos among first nations indicate that the development of an acceptable process is a matter of considerably urgency."

Frankly, I think that's what we're going through here, this matter of considerable urgency, because it's only three weeks since we've been debating this bill, and in fact the residents of the province weren't even aware as early as a few weeks before the budget this spring that video lottery terminals would even be considered. Then, when the finance branch no doubt said to the government it needs the money, "You've got to get these slots on the road," it was part of the budget.

Then, during the public meetings that we have had, the profile of video slot machines has been raised to the extent — and we have to agree this is summer. Like one of the presenters said, you'll recall the reverend father said to us that this is the rite of August. Committee meetings are held when everybody is away on vacation and the government may think that few are listening.

In spite of the fact that this has been brought up and the profile has been raised this summer, we now have 30 communities that have registered their opposition to VLTs. We have another 10 communities that have serious concerns, and they're supporting the AMO position. We all have read the AMO position. It's been presented to the record and it's not necessary for me to repeat it, but it certainly isn't a ringing endorsement of VLTs.

So while consultation can enhance the legitimacy and in some cases even the quality of the decision, it's not without problems. As Mr Henriksson goes on to say, "Because of the immense potential for private profit, it is very likely that there will be a severe power and resource imbalance in favour of pro-gambling constituencies."

In Vancouver again, for instance, the seaport promoters spent about \$1 million on promotion-related activities. This was reported in Daniels and Hume, 1994: "The intensive polling and advertising campaign began long before opposition groups could mobilize. The time advantage was a strategic one and was an attempt to create a bandwagon effect," which was no doubt extremely difficult for the small, poorly funded groups to oppose. But lo and behold, when the real truth about these magic little machines came out in the province of British Columbia, those small, originally unorganized, underfunded groups headed up a campaign that ended up with written and telephone comments coming in to the government. The city of Vancouver, no doubt feeling its obligations to its constituents, even had public meetings on the issue, and we know what happened in Vancouver.

That's why it's important that we discuss these matters. That's why it's important that we take the time, no matter how long it takes, to express our views relative to —

**Mr Flaherty:** No matter what we agreed to.

**Mr Crozier:** I understand the interjection. I understand your concern, Mr Flaherty, because yesterday, as I said before, you told me very —

**Mr Flaherty:** I told you the House leaders allowed three weeks, and that's true. That's exactly true.

**Mr Guzzo:** Call him a liar. Call him a liar again. Go ahead.

**The Chair:** Mr Crozier has the floor.

**Mr Guzzo:** Get down to the bottom, right to the very bottom. Patti Starr and —

**Mr Crozier:** Then I'd be with you.

**Mr Flaherty:** I told you that the House leaders gave us three weeks.

**The Chair:** Mr Crozier, please proceed. Gentlemen, Mr Crozier has the floor.

**Mr Flaherty:** You know that.

**Mr Crozier:** What I do know is that it was agreed last night that I would check with the House leader, and I would have thought —

**The Chair:** We've dealt with that matter, Mr Crozier.

**Mr Crozier:** Oh, have we?

**The Chair:** Yes.

**Mr Crozier:** I thought Mr Flaherty was bringing it up again.

**The Chair:** No. If he was, it's not proper to bring it up at this time. Will you please proceed with your presentation.

**Mr Crozier:** Thanks, Chair. The reason that I think it's important that we consider the appointees to this commission is because, as I refer to A Guide to Agencies, Boards and Commissions of the government of Ontario that's published by the Queen's Printer and sent out by Publications Ontario, it says on page 5 of the introduction:

"All agencies require representation from a broad cross-section of the community, including seniors, disabled people, francophone Ontarians, visible minorities, aboriginal and native Canadians, labour and management groups.

"Some agencies, such as those exercising a regulatory or licence-review function, may also require specific expertise in the area. Again, a large number of appointments may be made while only a limited number of appointees actually attend any given meeting."

We discussed how the chair and the vice-chair of that is handled. That goes right to the point that I would like to reiterate: that the use of experts as regulators is not without problems, though. Notwithstanding the fact that the guidelines for public representation say that it may require specific expertise, the use of experts as regulators is not without problems, so we have to be very careful on the appointments to this commission.

That's why this amendment to subsection 2(2) of the schedule is at least trying to bring emphasis to the fact that public health or charitable organizations should be considered, and we all know that those two organizations represent cross-sections of the communities, which might include seniors, disabled people, francophone Ontarians, visible minorities, aboriginal and native Canadians, labour and management groups. I think that this resolution can very well include those groups.



As well, the manual that is sent to each of us, *A Guide to Agencies, Boards and Commissions* — in this case we're talking about a commission — lays out the procedure that we must go through. We debated what I thought was a reasonable amendment earlier that it would be made up of a tripartite committee, but we've chosen not to accept that, so we're left, I guess, with the standing committee on government agencies to be the watchdog.

**2010**

The terms of reference for the review of appointments to the public sector there should be very important to us, because there is in fact a standing order on this, 104(g), where it was inserted that the committee "to review the intended appointments of persons to agencies, boards and commissions and of directors of corporations in which the crown in right of Ontario is a majority shareholder" should follow the following procedures:

"(1) A minister of the crown shall lay on the table a certificate stating that the Lieutenant Governor in Council or the Premier, as the case may be, intends to appoint a person to an agency, board or commission," in this case what we're speaking about, "or to the board of directors of a corporation, together with a copy of the position description and a summary of the person's qualifications."

That's the important part, "the person's qualifications," because we know that we're later going to be discussing how those persons have to be persons with principles of honesty and integrity and social responsibility. Then these documents are referred to the committee. Of course, once the committee receives the certificate, which is the Lieutenant Governor in Council's order, the clerk of the committee shall distribute "to each member of the subcommittee on committee business a list of intended appointees in respect of whom a certificate has been received."

You can see the pattern starting to develop where even though we turned down an alternative method today of assuring that only the best of people are appointed to this commission, we still have a reasonable system in place.

Then there's a further step. Even though it's been filed with the committee, a subcommittee meets, and "at its own initiative or at the request of the committee," they select from the intended appointees, each member of the subcommittee representing each of the three parties, the appointees that the committee is going to review and "each member of the subcommittee, other than the Chair," can select one or more of the intended appointees for review.

If they weren't selected for review or "following 30 calendar days from the tabling of the certificate" during which no subcommittee meeting is held for the purpose of selecting any more from that list for which the review has taken place, whichever one comes first, a report is then "deemed to have been made by the committee and adopted by the House." That committee will not review any further of the intended appointees. They just go on automatically.

Since this alternative method has been not acceptable, those of us who are on the government agencies committee have to be very vigilant when it comes to appointees to the new Alcohol and Gaming Commission, because once there is notice from the clerk of the government

agencies committee that the intended appointee has been selected for review, the minister who recommended them — and I'm going to come back to this constant mentioning of the minister — "the minister who recommended the appointment shall provide to the committee a copy of the intended appointee's application, a copy of his or her résumé, a description of the responsibilities of the position, a detailed description of the candidate's search process and a statement of the criteria by which the intended appointee was chosen." Thus far, that to me seems like it has some safeguards built into it so that we can be sure there is a broad review of the candidates for these committees.

Then, at any meeting of the government agencies committee called for the purpose of reviewing intended appointees, "the Chair shall divide the time," again being fair, to review the appointee so that an equal amount of time will be spent reviewing the selections that were made by each of the members of the subcommittee. That's only fair. I think that's the way our Chairman has acted over these past three weeks, notwithstanding the fact that it's getting late in the third week. But the Chair of the government agencies committee acts much in the manner of the Chair we've had with us chairing our meetings over the past three weeks.

Where the subcommittee has chosen more than one intended appointee for review, because we're talking here where there might be as few as five and — we don't know how many. But where they have chosen more than one for review, again the member has to apportion the time available to review his or her selections between the appointees, because of course we have to use our time efficiently.

**Mr Guzzo:** Just ignore what the subcommittee does.

**Mr Crozier:** The subcommittee member, of course, then may choose to defer — it's interesting, Chair. They might even choose to defer the consideration of one of the intended appointees, and if that member has been chosen for review, it can be deferred for up to 14 calendar days. So they're very careful. These guidelines, these terms of reference for the review of appointments in the public sector, are not to be taken lightly, because a deferral can last up to 14 days and that can affect the operation of the committee, of course, so you don't want to use these lightly, or until a future meeting of the committee at which the intended appointees have been reviewed, so long as the consideration of the intended appointee has not previously been deferred. Of course you can't just continually defer someone because that wouldn't be fair to them, nor would it be fair to the committee.

Then there's a further step in reviewing an intended appointee, and that is that "the committee shall not call as a witness any other person," because the only one they really want to talk to — it might be helpful sometimes, I suppose, to have a character reference. It would be useful, but it's felt that these guidelines are sufficient that only the appointee is called before the government agencies committee.

Then comes an interesting fact that I'm not sure anyone who hasn't been on the government agencies committee would understand, and that is that the commit-



tee can determine whether or not it concurs with the intended appointment. This is done at the conclusion of the meeting when they review all the appointments, unless of course a member requests that there be a deferral, as I talked about just a few minutes ago.

Then in its report the committee states whether or not it concurs with the intended appointments and may state its reasons therefore. I think that's important, because if we're going to go through this process of appointing committee members under subsection 2(2) of schedule 1, and particularly if they're going to be members of charitable organizations or health organizations, and if the suggestion is that within that group we give consideration to a broad cross-section of the community, which I'm sure we'd all want to do, which includes seniors and disabled people, francophone Ontarians, visible minorities, aboriginal and native Canadians, labour and management groups, once we've done that, the committee may not concur with it, and it very often gives reasons for that.

I can remember on one occasion where we did not concur with an appointment this year and the government reviewed it and I think appropriately withdrew that person's nomination. So there is a case where it would indicate that the system, the procedure, the process is working. I certainly think and agree that even though it says the committee may state the reasons why it does not concur, it's only appropriate that the committee give its reasons.

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Then the committee presents its report to the House on its review of the intended appointments at the earliest opportunity, of course, following the meeting at which its findings have been made. That report then is deemed to be adopted by the House. If the House isn't meeting at the time — they've kind of thought about everything here, because the House doesn't meet all the time — the committee has the authority, and it has to take this with a great deal of responsibility, to release the report by depositing a copy of it with the Clerk of the assembly. Then, when the Clerk of the assembly receives that report, it's deemed to be adopted by the House.

Another interesting point: If that report of the intended appointee is not made within 30 calendar days — in other words, they're setting it up so the committee can't just sit on this thing — following the day on which the intended appointee was selected for review, the report is deemed to have been made by the committee and adopted by the House, and the committee will not review the intended appointee beyond that. That word "deemed" has popped up again, because what they have allowed for, much the same as I discussed earlier this evening if you don't get to all of the amendments that we have, is there are, or should be, in place specific instructions as to what is deemed to have been done with the amendments. In this case they've covered that. It's deemed to have been taken care of; you can't just let the appointment sit out in limbo.

As well, where the consideration of an intended appointee is deferred in accordance with the earlier comments I made where a committee member may ask for deferral, the time allowed for making the report that's established there is, as I mentioned before, only extended

14 days. So you just really can't, because you don't like an appointee to a committee — maybe you have good reason not to like the appointee, but you still can't just let it hang out in limbo. You have to make a decision with it.

Finally, the clerk of the committee notifies in writing the minister who recommended the appointment of any decision of the committee and the subcommittee on committee business respecting the appointment. The interesting thing is, it doesn't matter whether the government agencies committee concurs with it or not. It merely has to follow through the reporting process and either agree or not agree with the appointment. Still in all, the appointment can go ahead. So in the final analysis, the minister, in spite of what the committee may think, can go ahead and appoint someone who perhaps — it's rare, but perhaps a unanimous decision was made by the government agencies committee not to support that appointment. That is why I said I wanted to refer back to the minister. That's why it's important that when we're discussing this legislation, a minister who is going to be making these appointments, probably with some advice from others, should have the opportunity to comment on it, because it's a significant responsibility that the minister will be taking on.

Earlier suggestions that the new Minister of Consumer and Commercial Relations appear before the committee were not made frivolously. We sincerely feel that when you go through this process as it's laid out in the guide to agencies, boards and commissions, you can see by all of those steps and the fact that the minister makes the recommendation that it's really important that the minister understand the significance of it and the absolute weight that's being put on the minister's shoulders in making these appointments.

I just wanted to add those comments to the comments that have been made by others. We have an opportunity here to take up the spirit of this guide here by taking into consideration charitable organizations or someone who has expertise in the field of public health, keeping in mind that this then would be a cross-section of the community which probably would include seniors and disabled people and francophone Ontarians, visible minorities and aboriginal native Canadians, labour and management groups, and even some appointees with specific expertise in the area. But we have to heed what Henriksson said in making those appointments of folks who have expertise because that brings with it some problems in that they tend to, let's say, reside among those who are financially supported by the industry. I suppose that's a reasonable conclusion, because that's where they get their experience.

I certainly would urge the government to support this motion.

**Mr Kormos:** Mr Crozier has certainly provided a perspective here which I quite frankly found fascinating. He spoke about the integrity of the system, among other things, and he spoke about the fact that notwithstanding that there's a guideline of procedure now for ABCs, the guideline is — well, it's a right without a remedy. At least it is for the MPPs, the members of the Legislative Assembly. It's a guard dog with no teeth.



Mr Crozier, in his final comment, made reference to Henriksson's reference to a long-held theory. That is that the plight of most regulatory bodies is to become co-opted by the industry they purport to regulate. That was developed at length most recently. Henriksson refers to it in a study in a U of T law journal by Ian Scott before he was the Attorney General of the province. It's not difficult to understand the wherefore and the why of that.

There are two ways, and this is why I specifically asked Mr Flaherty about solicitation in terms of fulfilling the requirement of this new board of directors, staffing it, bodying it, if you will. One of the reasons I asked him about solicitation is there are basically two ways that it's done.

One, the ministry or the Premier's office will go out headhunting and actively seek people. In a body like this there may be some cannibalizing — here we go again — of existing LLBO people, although I suspect that some of the senior people in the LLBO, their days are numbered. Or in the gaming commission we've already seen some of the switching around, some of the chess-playing in terms of manoeuvring personalities from one area to another.

But that's why there was concern about whether there had been a solicitation going on or whether the government was simply going to raid its pool of wannabes from the public appointments secretariat. One is hard-pressed to believe that people interested in this action — because there's action here. Surely Marshall Pollock wouldn't be one of the people even being considered. I suppose Marshall Pollock could divest himself of the role of director and could put his stock, if he owns any, in his gaming consortium into — what do they call those? — a blind trust and then make himself sufficiently pristine to be on the government's board.

But even if it weren't Marshall Pollock, the government will tend to look for people who have familiarity with the industry. That means that we end up with a result that's exactly as Ian Scott and so many other learned authors have spoken of when you talk about the regulatory body being co-opted by the industry purporting to be regulated. Quite frankly, it's happened with the Ontario Insurance Commission to a large extent and it's happened with a number of other regulatory bodies that will at face value argue that they have an obligation to the consumer.

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Mr Crozier also discusses at length the long-time or at least the established practice for appointments to ABCs. It's disappointing that Mr Flaherty either refused to or couldn't answer questions about what kind of requirements, what kind of model is going to be in the ABC book for 1997 once this legislation gets passed.

It would have been real nice to know whether there was anticipation of some sort of set of requirements or some sort of need for representation from one facet to another, one facet of the affected or, shall I say, infected bodies.

Today was virus day, as you well know, August 22, for one form or another of computer program. I can't remember which one was exempt, but it's also virus day in terms of this government infecting communities across

Ontario with the insidiousness of slot machines and organized crime.

I would expect that you, Chair, would want to be extremely cautious, as would the government members, in not reflecting thoroughly on this amendment of Mr Kennedy. It's not the amendment that I would have liked, but I've got to tell you, if the government members are as dubious about this one as I am in that it doesn't really go far enough, it gives far too much leeway for a government that is also capable of being corrupted, then just hold on because there may well be an amendment moved in short order which requires that this board be far more reflective of the communities that it's going to impact and infect.

**Mr Clement:** The same old mistakes.

**Mr Kormos:** Here we're getting a little bit of life out of some of these guys, Chair. What was that line in the movie *Deliverance*? But none the less, when you get close to it now, one has to wonder why there isn't the responsiveness to this well-thought-out amendment that one would anticipate. One has to wonder why the members of the committee from the government side aren't eager to engage in the dialogue about this amendment to address the points that Mr Crozier made and to address the very specific point that Mr Kennedy's making.

So I'm not going to belabour this. We've got a whole bunch of amendments we've got to consider yet tonight on section 2 alone, a whole whack of them. Some are in English, some are in French. Some go to subsection (2), some go to subsection (3), some go to subsection (5), some go to subsection (6). Who knows? The debate and discussion around those amendments simply affecting section 2 of schedule 1 may well generate yet more amendments.

By God, we've witnessed here a veritable cornucopia of amendments and I never imagined that I would be stimulated by the government members as much as I have today. I've been stimulated to reflect on the bill and to write amendment after amendment improving on what's been presented to us. I want to thank the government members for the inspiration they've given me for the number of amendments I've prepared. Again, I can't and won't speak for Mr Kennedy. He'd be royally ticked off if I did, but I can't help but think that Mr Kennedy was inspired by the government members and that's what inspired him to present the amendment that we've just debated for the last 30 minutes or so. Has it been longer than that? It seems like a mere 30 minutes. It really does. It seems like time flies when you're having fun.

**Interjection:** Tempus fugit.

**Mr Kormos:** Tempus fugit. There you be. So please, Chair — I suppose I should be prevailing on the whip, who I presume is Mr Flaherty, to — these people will listen to him. They're going to do what he says. It's as simple as that. They're going to do what he says. He's got a chance to make a difference, to make his mark. Tsubouchi doesn't know nothing about this. Tsubouchi's in the woods. He's in the dark. Now is the time to do it. Slide her in while Tsubouchi's still out of the loop and you've got it made in the shade. Tsubouchi hasn't been told about Bill 75 yet. Mr Flaherty said so. Now is the time for Jim Flaherty to make his mark. Cabinet, three



months, guaranteed. I'm urging Mr Flaherty. By God, I'm giving him advice here. I'm talking being in cabinet in three months. Three months' time, minimum. No two ways about it. Here's the chance to show Mike Harris and the gang and the Tom Longs and the governors of New Jersey that Jim Flaherty —

**Mr Guzzo:** He's a liar. You both branded him a liar.

**Mr Kormos:** Jim Flaherty is a man of substance and a man of decision and he's not just a little sheep that follows marching orders. He makes decisions. He takes the bull by at least one horn. Here's his chance to show leadership. Here's Jim Flaherty's chance to succeed Dave Tsubouchi.

Look what happened to Dave Tsubouchi's last parliamentary assistant. Bingo. She's the minister. Can you believe it? Tsubouchi's vulnerable, Mr Flaherty. Here's your chance to show Mike Harris where the real leadership comes from in the Ministry of Consumer and Commercial Relations. Just like Janet Ecker has Tsubouchi's old job, by God, Jim, Jimbo boy, you can have Tsubouchi's new job in as short an order because Tsubouchi, they've got him on something. They don't even have him near a phone. He's dreaming incredible dreams because, Lord knows, he ain't thinking about Bill 75. Thank you, Mr Chair.

**The Chair:** Are there any other speakers in regard to the motion? We're dealing with Mr Kennedy's amendment, I believe.

**Mr Kormos:** Chair, in anticipation of your calling the question, I wish to advise that I'm requesting a 20-minute recess pursuant to the rules.

**The Chair:** Fine. Shall the amendment carry?

**Mr Kormos:** No. I asked for a 20-minute recess. What is the Chair's problem?

**The Chair:** I have to put the question first, don't I?

**Mr Kormos:** I indicated that I'm asking for a 20-minute recess. Please, Chair.

**The Chair:** We will be adjourning to 9 o'clock.

**Mr Kormos:** Thank you.

*The committee recessed from 2039 to 2057.*

**The Chair:** It's 9 o'clock. I'll reconvene the meeting.

**Mr Kormos:** A recorded vote please, Chair.

### Ayes

Crozier, Kormos.

### Nays

Clement, Flaherty, Ford, Guzzo, Rollins.

**The Chair:** The motion fails.

Mr Kormos, you have filed a motion. Would you please read it into the record?

**Mr Kormos:** I move that subsection 2(2) of schedule 1 to this bill be deleted and amended as follows:

"(2) La commission a un conseil d'administration composé des membres nommés aux termes du paragraphe (3), sauf qu'aucun membre de la commission ne sera, ou n'aura été, un partisan actif du parti politique au pouvoir."

We've been struggling for some time today now with our concerns about the integrity of the board of directors of this commission. You've heard a number of efforts from both the Liberal caucus and from this caucus to

assist the government in building into the statutory framework some safeguards for the integrity of this commission, recognizing again the incredible pressure that's going to be on it, incredible pressure, especially once the big gambling interests — be they Marshall Pollock and his consortium — get their foot in the door. Well, I suppose they already have their foot in the door.

Again, I can't avoid referring to subsection 3(3), which outlines the manner in what I suspect is a very peculiar statutory phrase, because it — maybe it's just contemporary cynicism, cynicism that may or may not be deserved, but the drafters of this legislation — the government, the minister, which one we don't know; well, it couldn't have been Dave Tsubouchi because he doesn't know. This says, "The commission shall exercise its powers and duties in the public interest" — you're probably not going to hear a lot of quarrel with that, but also — "and in accordance with the principles of honesty, integrity and social responsibility."

When we've considered during the course of this evening the number of amendments attempting to fine-tune, to give the government and successive governments the tools to ensure the integrity of the commission, there were, as you heard, efforts to identify certain components of the community that had to be represented. There was the most modest proposal of Mr Kennedy, which I was sure was going to get government approval, but that too was bypassed.

You heard Mr Crozier in his comments — he may well wish to speak to this amendment as well — talk about the incredibly difficult task of the committee which oversees, which screens, which scrutinizes, which has the responsibility to interrogate, question, engage in dialogue with potential appointees. Does this committee get to review all of them? Of course not. Time simply doesn't permit it. As it is, the committee is restricted to a mere 30 minutes for each appointee and receives a paucity of background information, other than what the committee members can glean on their own.

It's a very difficult exercise. I've been on that committee with Mr Crozier and others and it's a very difficult exercise. It's very difficult for the government members, because once government members wince in dismay and shock and embarrassment at the way some of those potential appointees respond to questions, the other government members feel under a great deal of pressure — I understand this; this happened in the last government as well — to support the pick, the quick pick if you will, of the public appointments secretariat or of whoever, because as I say, the system is far from perfect. I praise the fact it's there rather than nothing, because at least it gives an opportunity for some public, or if you want to call it quasi-public, scrutiny of appointees.

There is the perpetual din of accusations of patronage, patronage, patronage. Some of it is undeserved. I'll invoke the name of Paul Godfrey again who was before that board — I'm sure Mr Crozier remembers that — and to say that Mr Godfrey is a Tory is to be trite. Of course he's a Tory. He's an active and outspoken Tory. But to suggest, quite frankly, that that's patronage seems to me a little bit of overkill. Here's Paul Godfrey, and if I recall, his appointment was to one of the U of T boards of governors, and at the end of the day Paul Godfrey



doesn't need the money if there is a per diem associated with that, not by a long shot. His box at the SkyDome is a most attractive and pleasant place, I tell you. His generosity as a host has been enjoyed by many.

But to say he needs the money is trite. To say he needs the hassle is even more absurd. Here is a person with a finger in Lord knows how many pots and one can't help but be convinced, knowing he's not going to enhance his stature — there may be some personal gratification and I understand that as well, but to say he needs that to make headway in the community or to put on his résumé for a job, the guy doesn't need a job. The guy has got jobs of his own making and I presume — I have no personal familiarity with his finances, but one presumes that he's reasonably well off, that, you know, he's got a couple RRSPs and a little bit in mutual funds and maybe a half-decent piece of real estate without a large mortgage left on it. He and Regina are getting on. They're not youngsters any more and the mortgage is probably close to being paid off.

Even I can see it, because sometimes I can be a little partisan at that committee. What is Mr Godfrey doing here for review? For Pete's sake, this is patronage, but it's not patronage with a capital P. At the same time, heck, what do you call it when a government appoints somebody who isn't of their stripe? What do you call it when the last government appointed — I've used Andy Brandt as an illustration so many times — Andy Brant, who had retired as the interim leader, if I recall correctly, of the Conservative caucus, who wasn't running in the leadership? Boy did Andy miss the boat. He had no idea that the caucus was going to be successful, but at the same time he's done well in his own career. What do you call it when the New Democrats appoint Andy Brandt to this flagship position as head of the Liquor Control Board of Ontario?

What do you call it when the Liberals appoint Elie Martel to the Environmental Assessment Board? Not as if Elie was ever partisan in the Legislature. Are you kidding? He was as partisan and as cantankerous as they come. That isn't called patronage. I suppose in some respects it's reverse patronage. As I indicated earlier during discussions, because we have been focusing on this, it's like Brian Mulroney appointing Stephen Lewis to the United Nations.

**Mr Crozier:** Chrétien appointed Kim Campbell.

**Mr Kormos:** And most recently, by God — thank you kindly. On April 1 some newspapers do an April Fool's joke. Somewhere in the world it was April 1 a couple of weeks ago because I read that Jean Chrétien appointed Kim Campbell to be the trade emissary to Los Angeles. Somewhere in the world it was April 1 a week or so ago. Anyway, God bless her. She needs the work and Chrétien clearly is obviously shaking in his boots at the prospect of her making a comeback in the Conservative Party and wanted to displace her and get her down into, not Silicon Valley but Lotusland. Is that what we're speaking of? Lotusland. But again, it could have been an April Fool's joke. So what do you call it? I suppose that's not patronage, but it's part of the patronage system because it's heralded by the government of the day by saying, "No, we don't do patronage because look what we did with your guy or gal."

When we used to criticize the Liberals when David Peterson was in power for Liberal hack after Liberal hack getting appointed to positions, they said, "Well, what about Elie Martel?" Bingo. When the Tories used to criticize the NDP for appointing New Democrats to positions, and Lord knows they didn't appoint that many, Bob Rae or Floyd or what have you would stand up and say, "Well, look at Andy Brandt." When the Liberals used to do it, they would cite Bob Nixon. I've been talking about the Lord giveth and the Lord taketh away. Bob Nixon gets a classy posting in London. This was flagship stuff. This is slick. I presume you're talking about a credit card at Harrods and the whole nine yards, but Bob Nixon got it and then it got taken away in short order. But then again, he got taken care of by the feds. He got doing the airport reports and pieced off a little bit in that respect.

I acknowledge that governments use this as their line of defence. It's like mobsters who want to illustrate their donations to Boys Town as an example of what good, nice people they are. Even though they run slot machines, their donations to Boys Town or to the Girl Guides, what have you — they have media spin people who help them get photographs in that regard as they're donating money, and the next day out they're running slot machines into some province in Canada which was foolish enough to embark on a slot machine jurisdiction.

That's part of the patronage discussion. Patronage is universally condemned but similarly universally embraced. Everybody condemns it, but at the same time, everybody has a passion to engage in it. It's all about timing, of course, because your timing has got to be good. If you're going to get patronage from your people, you've got to know when to bow out while your people are still around, otherwise you've got to hope you're the one in 100 or one in 200 who is being used to demonstrate, I guess, reverse patronage.

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Of course, the way the agencies committee works is that each caucus in rotation picks a person out of the list that is submitted on a regular basis, picks a person to come forward. Especially as the government members picked up on stuff, picked up on the way things work, they started — and again they had their staff there, conscious of spin — saying: "No, nominate the Paul Godfreys to come forward to the committee. Don't pick" — who was that, the unemployed used car salesperson who had lost the Tory election up Pembroke way — he had lost against Sean Conway — who was appointed to the College of Midwifery? This clown had no familiarity with the issues. I got these letters of protest because, that's right, the chair adjourned the appointment. This guy had no interest, no background in the issue, no sensitivity to, among other things, the feminist — and they are by and large feminist issues that gave rise to that movement.

He just wanted something, right? He was lonely. He got squeezed out of the biggest power play the Tories have seen in a long time. Don't forget, even in the latter years of Tory kingdom here in the province, we were talking about a whole lot of minority governments. So he got squeezed out. He figures: "Hey, guys, I ran against



Sean Conway, again, of all people. You guys set me up big time. You told me I was going to beat Conway." It's the same as the guy who ran against Curling — or she; I don't know. He got set up big time because he got sold the bill of goods too. "We're in this time. Just watch." Now he's going, "Oh, yeah, you didn't tell me Curling was going to get elected."

You've got this guy before the committee. I went after him like a junkyard dog. There's no two ways about it. So did the other opposition members of the committee. It's just too irresistible. We're not talking Milkbone here, we're talking about the hind quarter of a baby calf. We're talking about something you can really get your teeth into. We're talking about something that was absolutely delicious. That's what we're talking about when we talk about patronage, patronage as a despicable thing, as a phenomenon that has to be resisted.

How do we ever get out of the trap? Here we are, every political party in this Legislature has condemned it when they've been in opposition and then defended it when they've been in power, utilizing a number of tools. This, I think, is a solution. We're dealing here with a commission, a board of directors, that is given some interesting guidelines. It's required to "exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity" — I don't know whether "social responsibility" is being perceived as a principle.

That's where we get — looking over here at legislative counsel again and he understands what I mean. This is going to be the matter of, is it the principle of (1) honesty, (2) integrity, (3) social responsibility? One would suggest no, because if each of the three were to be regarded as principles, you would have "honesty, integrity, and social responsibility," right? But one could also argue that "honesty and integrity" are joined as somehow being intertwined, so the principle of this honesty and integrity as a juxtaposed or a conjoined concept, and the principle of "social responsibility."

Once again, I appreciate that it's only after the fact that you look at these. I know legislative counsel wasn't responsible for drafting this, and is sensitive to the ambiguities that are inherent in it, but probably is saying he's not going to be the person who has to answer for it, and legislative counsel is wondering when the question's ever going to be raised. He's saying to himself: "There are certain things that are just giveaways, throwaways, and you move on down the road. There's bigger challenges to meet."

But none the less, there's some sense here of guidelines: the social responsibility one and the public interest one. The honesty and integrity I think has to be assumed. I'm anxious to get to section 3, as I'm sure government members are, so we can talk to the parliamentary assistant about the nature of this section. But certainly the public interest and the social responsibility change the nature of this regulatory commission from any number of bodies, from any number of functions that are performed like the fence — what do they call that committee?

**Mr Crozier:** The fence viewer?

**Mr Kormos:** The fence viewer, or whatever. Those are pretty straightforward. Many of them involve quasi-judicial roles where you have to interpret statute and then

render the best possible judgement that you can. You're helping people resolve disputes, you're helping to maintain some sense of order.

The government, and for this I give it full marks, has tried to give this board something above and beyond, because what they've done by including subsection 3(3) is move them beyond merely following the law. It's moved them beyond merely applying the guidelines that a minister might prescribe or that a government might prescribe. It also injects into the mandate and the jurisdiction of this commission social responsibility and public interest. Now, boy oh boy, have you got a handful there. You've got stuff on your plate. Social responsibility, again, was reflected in the amendment that proposed that charitable institutions and/or public health concerns be reflected. That's certainly public interest, however that's contemplated.

Public interest could include, well, again, making the most amount of money possible. Because if part of this scheme — and there's no two ways about it, the thrust of the scheme, notwithstanding the title of the bill — and if the thrust of the scheme really were funding charities, as the long title implies, there'd be a section in here about charities.

Here we are trying to read merely the dust jacket. It's like one of those cheap novels you pick up at the corner store from the rack jobber like a Jack Higgins novel where the print is small and the cover of the paperback is far more seductive than the actual content. The Chair knows what I'm talking about, and cheap paperbacks do it all the time. You're drawn to it because it's glossy and colourful on the jobber's rack. As a matter of fact, I don't know if you've ever had this experience but I've actually — usually at the airport because you're in a hurry and you buy a novel for the second time. They've just put a new cover on it, and you start reading it, and it wasn't that good a novel, but you start reading it and go, "Wait a minute." And then you realize, "I'll be goldarned," because you look at it. It wasn't published in 1996, it was published in 1988 and reprinted, and they put a new spin on the cover or Pamela Anderson or Fabio or whoever gets on the covers of these things and that's what happens. That's why these glossy covers on these paperback books, again —

**Mr Clement:** You've got attention-deficit disorder.

**Mr Kormos:** You know, Tony, I'm not about to quarrel with you on that, Lord knows. But the cover is out there to grab you. And here we've got to be careful because the cover is as deceptive as it is on those cheap paperbacks that some people are inclined to read when they're working. Because here we've got a cover that says "to fund charities," An Act to regulate alcohol and gaming in the public interest, to fund charities. There's no legislation here. There's nothing in the legislation. I looked. Shall we go through it? Turn the page, we're on page 4. I'll be darned. Keep going. Holy moly. Zonkers. Nothing on charities. So here's the cover that says one thing and what we've got is the body of the book that says something far different.

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"Public interest" — especially without the presence of charities in here, without there being reference to the mandate being for the purpose of raising money for



charities, even *inter alia*, we've undermined charities in the bill. So for an interpretation of "public interest", where does that take you? It's not charities, because that's only in the title but nowhere in the body of the act. There's not a single — somebody should do one of those word search things on the computer. If the word charities is in there, somebody jump up and say, "Bingo," or "Three charities," or whatever the phrase is, because I can't find it there.

"Public interest" then could mean things like it's in the public interest — because really this is about raising money for the government. So it could mean solely that it's the public interest to raise as much money as possible. Think about it. The statute requires this board — if one isolates "public interest" without any mention or reference to charities in there, this board is required simply to raise as much money as possible. Then there's a little kicker, because it includes social responsibility.

What concerns me is the possibility that social responsibility is going to be part of that three things of principles, "principles of honesty, and integrity, and social responsibility," as compared to "in accordance with social responsibility", as compared to the principle of social responsibility, because they're going to be arguably two very different things.

If "in accordance with social responsibility" is the way that's to be read, then that really tempers the public interest. Especially with the absence of any mention of charities, it tempers public interest to suggest that social responsibility is on a par with public interest. It says you've got to do it in the public interest, which in Marshall Pollock's little world they're going to say: "That means to make as much money as possible and to pick as many people's pockets as possible. We don't care how many people are addicted because there might be some funding for addictions treatment and we can justify picking more people's pockets because the more people's pockets we pick, the more funding there will be for addictions treatment."

Trust me, there's going to be debate about subsection 3(3) and query about the intention. Mr Flaherty may say, "I don't know." That's what we've gotten so far and one can only hope for a little more complete response. By the time we get to that of course we'll be talking to the minister in the House during question period and be questioning him in question period about what that means.

We've got the problem then because we're imposing on a board of directors more than just the — could I have the ABC book there, Mr Crozier, please? Again, I appreciate — for instance, district health councils have a very broad, well-defined — but look, what we do we have here? Yes, the Office of Social Contract Adjudication. A dirty word "social contract," but that's pretty straightforward. That's one where there aren't any social policy guidelines. That's attempting to resolve conflicts regarding the application of social contract which, mind you, is difficult enough because of the nature of social contract and the way it was written.

But the Building Code Commission, no issue there other than deciding "disputes between building inspectors and applicants for or holders of permits, or individuals who have been issued orders concerning the technical

requirements of the building code." So it's a statutory interpretation. Boom, you apply it. There's probably a level of appeal — I'm not sure — or you can go to Divisional Court, what have you. These are cut and dried. These are hard and fast. This is not sexy or juicy stuff. This is dry application of the law. They're not talking about resolving — because if they did, if the Building Code Commission had the sort of subsection 3(3) in it, it could go, "Technically you're in violation of the building code, but for a public interest issue or a social responsibility issue, we're going to permit it," or: "You are not technically in violation of the letter of the law with the building code. However, on the basis of public interest, or in the interests of social responsibility, you've got to put the extra fire escape in there, even though the law doesn't provide for it."

So that's what we've got here. We've got something that goes beyond a mere — what is the word, technocratic? — technocratic application of a statute, which makes the credibility and reliability of the board of directors crucial, absolutely crucial.

I made reference at the onset — and Mr Crozier has spoken at length about the process in agencies, and at the end of the day he's ended up spending far more time in that committee than I have; he's far more experienced with that committee than I am.

I made reference to poor Paul Godfrey, because I always use — well, not poor; he's not poor by any stretch of the imagination. But I've used him as an illustration of somebody whom I don't consider patronage in any sort of negative sense. But you've heard me talk to the contrary about people like Evelyn Dodds. Wow. Again, crass political patronage of the worst kind; appointed to SARB and in a position to hurt people, and she does hurt people. I read into the record a little while ago an illustration of the types of decisions she's rendered in her position as a vice-chair of SARB. She's hurt little people, vulnerable people, weak people, sick people. Again, that's the sort of patronage we want to avoid. She was a Tory candidate in the 1995 provincial election. She ran against Lyn McLeod; at the end of the day, probably thought she should have done far better, that is to say, Evelyn Dodds.

The appointment of people like Pauline Browes, a former Tory cabinet minister, Mulroney minister, to the Environmental Assessment Board; Jo-ann Best, Bob Runciman's campaign manager, to, of all places, the provincial parole board, here when Mr Runciman is the Solicitor General and Minister of Correctional Services. One wonders about the independence of Jo-ann Best. A guy like Gary McNaughton to the parole board, who only upon attending a Tory fund-raiser was thought of and asked, "Hey, would you like an appointment somewhere?" If he hadn't attended the fund-raiser, one has to conclude that he wouldn't have been on anybody's short list.

David Nash to the Ontario Casino Corp: campaign manager for Dianne Cunningham. This is what's scary. We've already seen, with David Nash's appointment to the Ontario Casino Corp, the political infiltration of a body that should be beyond reproach, that should be so aboveboard that nobody could ever question its indepen-



dence and its servitude solely to the legislation and, in this case, that remarkable requirement of being in accord with public interest and social responsibility. This body has got to be beyond reproach.

I'm sorry, but the reality is that when one of these people appears before the ABCs committee and is interviewed and the press covers it, there's a tainting that goes on. I understand that. I know that. In some cases, the tainting is modest. In the case of Glen Wright, who was appointed to chair the board of the Workers' Compensation Board; Glen Wright, who served as Mike Harris's campaign tour director; Glen Wright, who headed the company managing the pension fund of the workers at Epton Industries rubber plant, screwed up and left millions of dollars — well, thousands, short thousands of dollars in pension income. That is not a pretty sight.

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On the one hand, I understand. We talked before with Mr Flaherty about screwing up. Mr Flaherty screwed up; no problem. But in this instance, in the case of Glen Wright, he screwed up, but then he gets appointed, the suggestion is, because he's tight with Mike Harris, to head the Workers' Compensation Board. That amplifies it. That says you can do anything you want. You can be less than competent, but if you know Mike Harris — in this instance, in the case of Glen Wright, if you were his campaign tour director — you get the job anyway. That affects the integrity of that board. That leaves people dubious about the capacity of that board to meaningfully fulfil — the same thing used to happen with appointments to the bench. Until Ian Scott in the 1987-90 —

**Mr Flaherty:** On a point of order, Chair: Could the member speak to the amendment that is before the committee?

**The Chair:** I'd ask you to direct your mind to the amendment, Mr Kormos.

**Mr Kormos:** The amendment is one that's designed to enhance the integrity of the commission. It is, Chair.

**Mr Flaherty:** Why didn't you do it in your own party legislation about casinos? What are you talking about?

**Mr Kormos:** It's designed to enhance the integrity of the commission. I'm sorry if Mr Flaherty has difficulty with it.

**Mr Flaherty:** You don't know what you're talking about. Read your own party's legislation. You don't even know what you're talking about. Your party didn't put it in.

**Mr Kormos:** I'm trying to give this government an opportunity to make a fresh start, to absolve itself of the ills of the past.

**Mr Flaherty:** What a bunch of hypocritical nonsense. No fool like an old fool.

**Mr Kormos:** I want to try to illustrate why this is essential. I find Mr Flaherty's objections remarkable. I know it's 9:40 and he's getting a little cranky.

**Mr Flaherty:** No, you're cranky. You're not only cranky but you're foolish.

**Mr Kormos:** Maybe he didn't get enough sleep last night. Maybe he got up too early this morning.

**Mr Flaherty:** He's quite the fool. He doesn't even know his own party's legislation.

**Mr Kormos:** Who knows, Chair. But boy, oh boy, Mr Flaherty there is getting really cranky. He might have the grippe; I don't know.

**Mr Flaherty:** Where were you when your party was in power, anyway? Ignorance is bliss.

**The Chair:** Please, Mr Flaherty, Mr Kormos was a minister of the crown — he's too modest to mention that — and no doubt he's seen many of these things at first hand.

**Mr Kormos:** You bet your boots, Chair.

**The Chair:** I can understand your concern.

**Mr Flaherty:** So he would be familiar with his own party's legislation in which it did not do that which he demands now.

**Mr Kormos:** We look at the impact on integrity of patronage appointments and we have here an opportunity, because of the nature of the task given to this commission, to clear the slate, to move ahead. As I was saying, appointments to the provincial bench were infected for decades because they were pure patronage appointments. People who had no competence whatsoever were appointed to the bench because they were ex-candidates or because they were political hacks of one party or another.

Again, I have to acknowledge Ian Scott's role, which Howard Hampton and Marion Boyd expanded on. I believe this began during the course of the accord. Interestingly, in those two years more NDP legislation was probably passed than in the five years after 1990, and it was the successful NDP legislation between 1985 and 1987 that gave that government its strong majority from 1987 through to 1990. But during the course of the accord we saw an enhanced quality to the bench and the provincial appointments to the bench when we saw the appointment process being entirely detached from political interference. Ian Scott began the process with support and influence by New Democrats; I have no doubt about that. Howard Hampton and Marion Boyd maintained and developed that further. We've seen a real change in attitude towards the members of the bench. We haven't seen the same level of judicial inquiries into the conduct of judges as we saw with any number of jurisdictions.

Here is a chance. Look at what the amendment says, and here we have the difficulty. I and the other opposition members tried to address it earlier today, because we had some difficulty with the French-language version of the bill. For instance, Mr Kennedy looked at the bill — and he's somewhat fluent in French — and he was concerned about the words "alcohol," "alcool" and "ethanol," and the various variations. We struggled with whether or not the word "alcohol," as distinct from "beverage alcohol," was preferable or more precise or more specific.

What this amendment does is really quite clever, if I say so myself, because it makes it clear that anybody can be appointed. It's still the discretion of the Lieutenant Governor in Council, but the person being appointed shall not have been, nor shall be, an activist, a partisan, of the political party in power. Boy, is that scary, at first blush, to government members. Because they go, "Oh, does that mean we have to appoint New Democrats and Liberals?" No. Again, the Tories are not going to hold power for 40 years; those days are long gone. But what that means is that anybody who's appointed — because we've got here



terms of three years renewable. The French-language version is far more specific and I'm grateful to legislative counsel for helping me because the word "renewable" is in there, at least the French word for "renewable," which is absent in the English version. But I suppose it's akin to "may be reappointed," which I contrasted with "renewable." Again, the English semantics were expressed mostly differently.

But look what this does; it's very clever. It encourages any government to appoint people about whom it can't be suggested they have a partisan interest. Of course, everybody can vote. Not everybody does, but everybody's entitled to vote. But one's vote is — that's why we have the secret ballot. I appreciate that the language of being an activist or a partisan in that particular party may not be the best possible language. I had a little bit of difficulty. "An active member," "an active partisan," "an active supporter of" — I didn't know quite how to word that. Again, this illustrates how sad it was that the government members refused to look at French-language juxtaposed to English-language versions of the same amendment so we can look at it in its totality and its content.

But this says to any government: "Don't think you're going to pack this commission with your flunkies, with your hacks, with your stooges. Don't even think of it, because the act says it ain't going to happen." The act also says that we're looking at three-year terms and renewable terms. So you can't have a government introducing people to — because at the pleasure of the Lieutenant Governor — that's what's interesting too, because I see there's litigation now. The Tories are getting their butts sued off by people; Marion Dewar and her group in Ottawa are suing the butts off these guys for being dismissed. Are some police services board members doing it? I'm not sure.

#### *Interjection.*

**Mr Kormos:** Yes, police services board members are suing the butts off these guys. Wait till the Criminal Code charges start flowing after these slot machines get out there and some clever crown attorney — too bad Skarica isn't still at the Ministry of the Attorney General — starts prosecuting. Poor David. He doesn't even know what the heck they're doing. He's getting himself into big criminal trouble. I'll bet you he doesn't even have a criminal record yet. So much for that pristine quality.

In any event, this says to the government: "Don't even think of appointing people who at some point or another are going to be accused or suspected of being your stooges, your hacks. Don't ever think of appointing an Evelyn Dodds to this board. Don't ever think of appointing a Marshall Pollock, tight with Bill Davis and John Robarts." There are a lot of people out there who live out their lives and, God bless them, support particular candidates, as they should, and vote for them. You make choices. I'm told that if you are a lawyer or have been a lawyer you won't be serving on a jury. Is that unfair to ex-lawyers? I suppose not a disbarred lawyer. But is that unfair to an ex-lawyer? Probably.

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**Mr Flaherty:** On a point of order, Mr Chair: Can you ask the member to speak to the amendment that's before

the committee? I'm going to keep after him every two minutes if he doesn't want to do it. I'd ask you to please instruct him to deal with the amendment, because we're wasting the taxpayers' money dealing with irrelevant matters. We're supposed to be working for the taxpayers.

**The Chair:** Please attempt to direct your comments to the amendment, please.

**Mr Kormos:** I was making something akin to a parable. Mr Flaherty may not know what a parable is, but it was something akin to a parable, because the government is going to say, if it says anything, "This is unfair because people have a right to be political partisans." I agree. You've got a right to be a political partisan; anybody does, just like anybody has a right to be a lawyer, and Lord knows anybody can be a lawyer. This Legislature illustrates it.

When I was a kid and I was worried about law school, I used to look at the people who were already practising law and say: "No sweat. Forget the anxiety issue. If they could do it, I sure as heck can." It was proven right. It was incredible.

**Mr Flaherty:** You really enhance the reputation of lawyers.

**Mr Kormos:** It was incredible, because I used to look at the dough-heads who were practising law and go, "If they can do it, I certainly can." Dough-heads and dimwits, quite frankly.

In any event, the argument is going to be made by government members or by Mr Flaherty, because he's certainly got a burr up his butt this evening. He's anxious.

**Mr Flaherty:** Why don't you speak to the point?

**Mr Kormos:** He's anxious, and he has interrupted and interjected. He's really carrying on.

**Mr Flaherty:** I want to see your fine legal mind at work. Deal with the point.

**Mr Kormos:** My God, I never knew he was that sensitive. I hope his close friends appreciate that of him.

I have to back up a little bit because there was that interruption. Where was I? The argument is going to be made by government members that this bars from these appointments people who have exercised their right to be politically active. I suppose it does, but it's in the same way that pursuing the profession of law bars you from serving on a jury.

One of the other things that the government members might raise is that this is a contravention of the Ontario Human Rights Code — and I'd appreciate advice from legislative counsel in that regard — because what this effectively says is that your political activism as a partisan with a political party can bar you from consideration in the same way as it would be argued if we said age could bar you from consideration, except we also know that on age and gender discrimination issues there is some tolerance allowed. In other words, if you advertise for a lifeguard at your pool — I'm not sure whether that's a good example or not — that's one where you might be able to specify "youthful lifeguard," because you want somebody with the energy and endurance of youth.

I would appreciate, and I don't know if legislative counsel — if there are concerns about the application of



the Ontario Human Rights Code, if it's still going to be in existence over the course of the next short order — because after all, we've got a government here that isn't particularly committed to human rights — or even if there's a prospect of charter challenge — I don't think so, not so much as the provincial statute, because what it says is exactly what it says, and its purpose is one that is laudable. That's what makes it distinctive from other, let's say, discriminatory procedures. Mind you, I'm not aware of any lawyers, disbarred or otherwise, who have brought actions to say, "I have a right to serve on a jury," probably because, as somebody has noted, jury duty is relatively unattractive and there's no great remuneration as compared to what there will be here.

I think this really clears the way and sets a standard, a new standard, a new guideline for the province and for the process of appointments. We could eliminate the haggling and the persistent, cantankerous criticism that accompanies almost each and every appointment that a government can make, and at the end of the day nobody's going to be happy. I'm certainly not happy with Evelyn Dodds, and I think for good reason, because she's a dog and doesn't belong on the Social Assistance Review Board, but the Tories probably think she's doing exactly what they want their rep on the Social Assistance Review Board to do. If the same standard that I am proposing for appointments to this commission were applied to these others, this government would have in almost a revolutionary way — there you've got it; the revolution has come — these people could make the revolution happen by passing this amendment.

If I have failed in any small way to put forward an amendment which is defensible, let's say, from the point of view of human rights or defensible from attacks under the charter — I can't consider or conceive how that would be applicable, but somebody who knows stuff about that might be able to — I'd be more than pleased to have part of the Tory brain trust present an amendment.

I think we are compelled in this instance, in considering the outstanding and unique powers and incredible responsibilities of this board — we're legislating a highly addictive substance, and the government has denied it, but when they talk about social responsibility and public interest they must be conscious of how volatile and dangerous slot machines are. They must be conscious — if they're not, the people who drafted this were certainly conscious of the fact that slots are indeed the crack cocaine of gambling — otherwise they wouldn't have placed that incredibly onerous standard on the board.

I leave it at that. I suspect that other persons, if they speak to this amendment, may well raise matters that compel me to respond. I don't want to prolong this, of course. I don't want to see people stay here later than they should — not than they have to; than they should — because I've got a feeling we're after some people's bedtimes, from the wailing. By God, their kids are in bed and they're saying, "Why aren't I?" I've got a feeling we're keeping people up later than some of them should be, but here we are; I don't want to keep people up unduly but I will yield the floor, Chair, if there are other comments to be made.

**The Chair:** Mr Curling, it's nice to see you back.

**Mr Curling:** I'm glad that you're awake to see that I'm back, Mr Chair. I've been here a long time. As a matter of fact, I would like to make some comments on this very important amendment, the motion put forward by Mr Kormos. I too want to make a contribution to this, just a small but very important contribution, I hope, because I feel very passionate about this.

Some of the comments the honourable member made are important. I hope that we will take these comments very seriously because I think his intention here is to make sure, as he stated, that they do have a commission that has the integrity and honesty that are the desire of this commission. It is on this note that I thought I should add my words of support, hoping that the members support this motion.

I think it's an extremely important point that over the past years what really did happen was that members who were appointed to these commissions and boards would pay homage to the party in power. I just want to add a couple of names just for you to think about. Some of them are beautiful accidents. In other words, while the party was in power they appointed members of their own party, and some of these members, deservedly so, were quite capable individuals.

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I recall someone who wanted to retire from politics who had his friends in power able to give him a job, and he did an excellent job. That was none other than a wonderful man, Tom Wells, from my riding, who became the agent general to London, England, for Ontario. I have the greatest respect for that man. I think he was an excellent individual, but I know that this was done because he had his friends in power and was able to land that wonderful job there. I also remember another individual who is still I think making contributions: Frank Drea of the racing commission, who again was appointed.

We can go on and on, and just recently a very extremely important position, I would say one of the most important positions in the province — my colleague sits on the committee of appointments and questions the individuals who come before us to see that they understand the importance of the role. The human rights commissioner had completed her term and needed to be replaced. Going back in history, that commissioner was leaving when the NDP was in power, who appointed another NDP member from British Columbia who was the human rights commissioner, and as soon as the other government came in she was replaced by another member who was also a former card-carrying Conservative to the post: Keith Norton, a capable individual. No one questioned that, but I am sure there are much more capable people.

This is the government that shut down employment equity in the sense that a lot of people didn't have access to some of the jobs, some of the appointments, some of the promotions, some of the training, and it is blatant how these things happen in a province, looking for equity, where the systemic blocking of people's access to these opportunities is sometimes blatantly denied. The fact is that if we have the right connections, the right friends, maybe there is access.



Therefore this amendment states emphatically, so that you'll not be seen as someone who is responding to the patronage kind of approach, that maybe the party in power should not be appointing any card-carrying individual of that same party to any position so it would not be seen as not being fair. In one instance, while we're trying to achieve equity and fairness and access to positions in this province, in this way it is seen as a great opportunity to put in one's friends or one's colleague who needs a job, and I understand that people need jobs, but there are others outside who have been shut out.

It reminds me, I was in England about a year ago and I was attending some parliamentary conference. It was asked of many members to explain or share with the delegates there, who were elected members from around the Commonwealth, what the greatest concerns were that they had in their own countries. A colleague of mine from down in the real southern part of Australia was saying that the problem he had in his country was those patronage appointments, that people were appointing just their friends and all those who basically were just party members, and they would like that to stop.

Our English colleague who was chairing the meeting at the time was so appalled to hear that and was making his contribution. I presume my comment there at the time was not taken very well. My comment to that was that the honourable gentleman should not be too concerned, because it is a widespread thing about patronage, and I told him there is a huge bureaucracy that does that in England called the House of Lords when they can't find jobs for their nephews or so, and you see how incompetent that area is in London. As a matter of fact, it's an embarrassment to the process.

In this direction the amendment is saying, "Don't lead into that direction where we can start saying it's pure patronage and friends we appoint to boards and commissions and especially those who are card-carrying individuals." I'm not saying that because of the Tories. Every single party in power does it. So when one shouts over here and says, "What about this one and what about that one?" — it's a new era.

It's a new era of how we want to look and tell the people we're going to put in the most competent, and not only the most competent, but in the fairest way to do it, one thing that not only must be done but must be seen to be done in a very fair manner. Since you feel that it's not necessary to put bureaucracies in like employment equity standards or what have you, then behave in the manner. If you got rid of the bureaucracy to screen it, then behave in that manner. Behave in the manner where we say: "First, we shall not appoint people just because they carry the card of the party. We shall not do that." This is a great way in which not to do that.

Why? Why is this one so important in this issue and on this commission? This commission will sit down and give a licence, an approval to people to operate businesses, but to make sure that minors are not served alcohol or gambling. We must make sure about that. When we do that, when we're giving out a licence, we're going to make sure that we don't give it to our friends — that is not partisan — so when an individual sits down, when the commissioners dispense all these licences, it's not to reward their friends but to carry out

something that is extremely important to our province and that it does not get into the wrong hands.

The other day, as we know, there were some questions about liquor licences and people paying under the table.

**Mr Kormos:** Excuse me, Mr Curling. Chair, quorum, please.

**The Chair:** We'll recess until we have a quorum.

We now have a quorum. Please proceed, Mr Curling.

**Mr Curling:** I just hope that the members of the government stay around. It's a responsibility of the government to maintain a quorum. As a matter of fact, we are in full blast here on the opposition side, and with all their great numbers they can't even retain a quorum here. It tells us about the interest with which we carry out our responsibilities.

We have to be extremely careful how we appoint these individuals to boards and commissions and make sure they're not card-carrying party people.

Let me give you another example, and maybe this could help the members to make up their minds. In some countries, when a new party comes into power, all the senators and all the appointed posts automatically resign. They try to look after it that way. They say, "Okay, I've appointed all my lackeys to be senators and I've appointed all my lackeys to be in positions." So what happens when the new government comes in? They all resign.

Now that looks like it is fair on the surface. So the new government will go about trying to appoint new senators and new people on commissions and boards. On the whole, the people suffer. While they're trying to come up to scratch for what they should be doing, it takes some time so the services that they provide start suffering.

2200

I would recommend that's not the way to go. That's not the way to go at all, because if we do that, you can see the costs to the taxpayers. But if you do it properly from the inception, you don't have to go through that sort of exercise. If you go about getting the right people without looking, really, at what church they belong to or what party they belong to, but furthermore to look at what they can do and the credibility and the qualifications, then we are on the right track, but not because one carries the card of the Conservative Party, or one carries the card of the Liberals if they're in power, or one carries a card of the NDP that we should appoint them, because they worked so hard in the last election and they have contributed so much money to the last election, that somehow we have to give thanks and reward the brothers or the sisters or the wives or the husband or the business partner. Many times when we do that, many of them have their vested interests — because it's good for their business, it looks good on their résumé. That's not the way to conduct a government.

I think this is an opportunity in which to say, let's start doing it right. Let's stop shouting over and saying, "But you did it, so I can do it." We get into that vicious circle of, "Okay, we will wait for our four years and when we get in we'll put in our buddy." Then we wait. Oh my God, what a bonus if we win twice. We just keep all our own people to continue doing the things as incompetently and looking so good that we don't have to appoint anybody else.



When the Tories, Mr Chairman — and you're quite familiar with that — were in power for 42 years, my golly, when the Liberals came into power, it was just that everybody on the board was openly telling us that they were Conservatives and they have done this their way for a long time. Some of them came up openly and said: "I think I should resign now. I think I've done my part and you people want to do your mandate, so you can do your appointments."

Then what happened? People started asking for appointments just because, of course, they had served the party. Wrong. It was wrong. Of course, as my colleague Mr Kormos pointed out, if we want to sneak in one or we want to sneak in two or three, we sneak in one member from another party.

I remember even right now a name I should leave out who is now a member of the caucus of the Conservative Party. After losing, surely he wanted a job, so we were asked, of course, if we could assist in that way. My first reaction was that I thought the job should be advertised. I think we should look at the best. So we responded and the individual got a job, but I wasn't much in favour of that, not at all. I think it should be open.

Mr Chairman, bear with me a bit because it is so important in this room in this context. I want to go back to the employment equity aspect of things. I want to go back to this, because one of the only openings that many of those people who wanted to be appointed to boards and commissions or to jobs or wanted a proper job were seeing was this great professional opportunity within the civil service — they found that here was an opportunity but they were being shut out. But they found an access through boards and commissions and agencies. They had hoped that they would have gotten through there.

Some parties in the new government started to make sure that we have minorities, that we have women being appointed to these boards, because when we looked at these boards and commissions we saw one type of individual. They looked even beyond that. They looked at the firefighters and found out also that not only did they look alike, they looked so similar, alike, all the firefighters, that when they investigated, they were all fathers, sons, cousins, entire families. It became a point that one had to say, "We've got to do something about that," because it became a family affair.

We don't want this to happen here, have a family affair where it's only one party, where you get into an appointment because you are a card-carrying member of a party, regardless of what party it is, because the family of Ontarians is quite diverse. The family of Ontarians includes minorities, women, disabled, all those.

To have access to this, they would say, "If you want to get into the family, maybe you should join a party." Some people would say: "I don't want to be a member of any political party. I will vote, but I don't want to be a member of a political party." People are told that the opportunities are better if you become a part of that family. If you pick one of the three families, the opportunities are much better. For those who choose not to, the gamble there would be that opportunities are quite limited that they would ever get appointed, because they're not a member of a political party, and that's wrong. I think

that's wrong. I think we should be able to say that I have an opportunity as much as anybody else whether I join a party or not. But if you are the governing party in power, your chances are higher.

I have people right now who are telling me, "I had hoped to be appointed to some of those boards, but I don't think I have that opportunity now because I did not carry a Conservative card." I say to them: "I sympathize with you, but I don't have much influence over there to tell you who to speak to. But still, make an application and see if you can be placed on the board."

Many of them say they have made application and have not even received a response, and they feel shut out from the process. They feel not a part of Ontario. They feel: "How can I make my contribution to my province? I know I've been in the province and I have been a part of the family of Ontarians or Canadians for the last 25 years, but I still feel like a stranger. But I want to participate, I want to serve on this board and I want to make my contribution, because I understand this issue, and you're telling me, regardless of the qualifications I have, I must join a party, I must join the current party."

Mr Chairman, you must have heard all this. There are some people who are federally Liberals and provincially Conservatives, and they asked them why. They said the opportunities are better if they do it that way. I thought that was rather ridiculous. I now understand why this motion is so important, to say: "Listen, the party is in power. I don't think we can appoint people. I think we haven't" — the objectivity will be greater, the objectivity to say, "I don't have an allegiance to a party, so therefore my contribution here is according to the issue; I have the honesty and integrity" — not that the Conservatives don't have honesty and integrity; not at all. I think they do. But it's not only that it must be done, but it must be seen to be done that we carry out these appointments in that manner.

But when that happens, as I said, and I want to go right back to this employment equity situation, they want to participate and they are being shut out again.

I have an example. The Republicans just the other day had their convention and the statistics have shown that of the coverage of that day, 20% was directed at visible minorities. They were quite surprised. Was there 20% representation at the Republican convention? They said no, only 3% of the entire population of that convention was visible minorities. You know what that was showing? It's a false image of what's going on. It was a false image. We live under this false image so much of those who want to be a part of the process, you see. That's not what affirmative action is all about. Affirmative action is not about if somebody gets a picture or gets in the media to say, "Ah, there we are." It's a false impression.

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**Mr Clement:** It's tokenism.

**Mr Curling:** Exactly. It's all tokenism. What they want to know is that the family — and to fix it is not to put the image on TV to say, "Here they are." To fix it starts way down for access, basic access to the process. When you have people who, because they join a political party, can get an appointment, there's no access, there's no access at all.



That is why this amendment here will take care of that. It will not be seen to be any patronage. It will not be seen that because you are part of the political card-carrying party in power you were appointed. To do that, we'll say we shall not appoint people who are card-carrying members of the party in power. So we could open up those doors and have people participating.

No matter how we try in this province, there seem to be creative ways to shut people out, to restrict them from participating and paying patronage to people maybe by dropping a little bit of money here, a little bit of money there, to say: "That will look after you. We don't have to appoint you. We can do it better." So these people don't even get a chance to participate. I'm saying that this amendment itself would then tell you that you're trying in your own way, now that you have shut down other access in participating.

One of the things too that I hope you look at in this process is that those who want to be on a board, on a commission, understand what they are about, understand what they have applied for or what they've been rewarded for, and when they are rewarded, what they are going to do. It's too often that they will come before the legislative committee and haven't got the foggiest idea of what it's all about. All they know is they have been paid off and it's a matter of: "Thank you for being a great supporter of us. Thank you so much."

Coca-Cola is sponsoring a convention now because of course they have greater access and they're nearer, and other businesses are saying, "I wonder if I can get that nearer to premiers." It calls into question a lot of things, whether the process is for all of us, or is this process itself only for the selected few, those who are called, those who have heard the word when certain people have called? I hope that we can move this province to where it's an inclusive province of all people, a province where anyone, regardless of class, colour, size, can participate.

That ABC book we have is very thick, extremely thick. Thousands of people are appointed each day on that, thousands, and thousands are rejected. What you should do is to find out why are those rejected, why all the people who are rejected are the same type, constantly. Why are the same type of people appointed to these boards, to the commission, and if I may dare say, they look the same and they behave the same because they come from one type of family. They join the same party.

It's wrong. Because, as diverse as we are in this province, it's the only way that we can have the contribution on boards that they can bring that diversity, that kind of diversity to make it a whole sum of what Ontario is about. Every debate we have is either regional or from ethnic or from language and somehow we keep those sections separated so we can pit one against the other. If we can show that all those diversities can come together to make it a better place, a better board, a better commission, that would be very helpful.

Let me caution you all about the important aspect of this commission and why it's important that we have to make sure that the people who are selected don't have allegiance only to one cause. As I said, in my riding for instance, there's an individual who wanted a casino licence. It's for a charitable organization. He'd been running this casino for some time. Lo and behold, they

came in and they told him, "It seems to me that there's a wall that should be put up, so we're taking away your licence." He'd had his permit and he'd given his word and he had a contract in which to carry through. These people were waiting for their money. Because it became important, you see — and I'll get to that later on — it became important why these charitable organizations need this casino. They turned him down and he said he's got about two weeks in which to put this on and can't cancel this.

After I took charge of the issue and pleaded for him and told them how important it was, which is a very difficult time in which to convince some of the individuals who were carrying out these licences, that he really needs this licence and he couldn't really do what you need to do within that short time, they were good. They decided to give him that licence for the time being. Then he decided to change the configuration of the place. That was some months ago. I got a call again, shortly, that they came again and said, "The wall is not good enough." This is the power these folks have. They didn't realize that they could see around the corner where liquor was served or some sort of infraction was happening. Remember now, this casino had been going on for a couple of years but all of a sudden now — I'm not saying that the gaming people who are doing all this weren't right in calling that these bylaws should be adhered to. I'm not saying that they were wrong. Maybe they were right. I'm talking about the power which they have to give and to take away.

If we have people who are doing that, who can give it and take it away, we must make sure that they can be as objective, as fair, and as it's stated right in the legislation, they must have the honesty, the integrity and they must have the social responsibility — they must have all that — in which to carry out their duties. Because the people who depend on that go beyond the people you've given the licence to. Right now it's so difficult for charitable organizations to get money to carry out their wonderful work which they are doing. Government has said to them that all the cutback is now in force, so they've got to find the money elsewhere.

## 2220

I'm not only talking about the little bingo ladies down in the basement of the church hall, who of course make a nice little buck in order to carry the church on. I'm talking about all the people who have to deal with some of the social problems and support some of the young people out there who need that for their camps and many other things. Not that I support gambling or so, but they are depending on these events to have the adequate funds to carry out this good work.

Then they not only have to do that; they have to depend on those individuals who are giving those licences. Because I recall too that many of the charitable organizations that were looking for a liquor licence just put a little dance on to obtain some money to do the good work. It was so difficult to obtain those licences that many of them got into a lot of deep trouble trying to be creative. They couldn't understand the laws, they couldn't understand what are the full requirements in order to do that. Some of them of course became so creative because they wanted to get around the law, and



some people were just too adamant, those who were carrying out and giving those licences, having those people going back and forth, back and forth.

Sometimes I would question their honesty and I would question their integrity, and furthermore I would question their social responsibility to understand that the need of those people is not that they want to make a big buck in their pocket to go home to, but they want to serve society at large; the society where we feel that the government that has collected the taxes can give back to the poor and those most vulnerable. Those charitable organizations need those moneys. They need the kind of counselling and support. They need the kind of commission that would be established here to have the integrity and to have the honesty and to have that kind of social responsibility to know where that was going. They need that badly. But they did not get that kind of understanding at all from those people who are giving and taking it away.

Why is it so important that the composition of this commission must be seen to be fair and not a part of a club itself or part of an organization or institution that you have to join? Because the people outside there want to know that they're treated fairly. I don't think this will do all of that. I don't think that this motion itself and this amendment will do all that I'm talking about, but it's a start. It's a start in the right direction. It's a start to say, "Yes, we want to be seen to be fair."

I think that is the reason why this justice committee is handling this: Justice must be seen to be done while we appoint people and who are serving and what kind of rules and regulations are making those appointments. Because we know too that this new era that we're going into of wide-open gambling or gaming, what comes with this is that we must be careful, as we give licences out and go into gambling, that drugs come with it, that prostitution comes with it. We can't bury our heads in the sand. Isn't that what they say?

Some criminal activity of all sorts comes with that. Addiction comes with it. So when we have a commission, we're appointing people who are just, not because they're paid off politically and not because they think it looks good on their résumé and not because they have also their own interests, because when they give it and take it away, it gives them power. Let's have those people who have the social responsibility, the integrity and the honesty that comes with all of that.

If we don't, we shall pay the price. The chicken will come home to roost later on. When that chicken comes home to roost, I'll tell you, the caca flies all over the place. It makes a lot to be cleaned up and a lot of people die with that, and the insects and the maggots that go along with all of that, the prostitution and the addiction and the drugs. And you said: "Where did that start? How did that come about?" You said, "It came about because maybe, just maybe, the appointment process of how we distribute the licence and how we appoint people to those boards did not understand the serious social responsibility that comes with it."

We form another bureaucracy to do that. We form something to investigate the police, why they don't carry their jobs out. We call it SIU or we call it something else. We form another bureaucracy and then some spinoff

comes that a greater part of the gambling addiction should be funded more to deal with that. Or we try to form some moral group to call the John school if prostitution becomes rampant. So we've got to appoint another bureaucracy. Then we turn around later on and say, "The government can't be spending all this money all over the place." And where was the root of this? The root of it is how we appoint and how we have the composition of the commission that is seen that is not only a bunch of people who join a certain party. You can stand up and say: "You know what? We don't have any of that, not at all." As a matter of fact, we make sure and not because you're a party-card-carrying individual that you can turn around and say: "Here I am now. I am on this board. Here I am, but not only that, I have a socially responsible approach to things, an understanding of how important it is."

I mentioned to you that I was down in Windsor. What I didn't mention to you about that is that I think my own little weather finger was saying, "You know what? I think 90% of those people are from the United States." And you know what I thought too, what I saw and observed? I looked and observed that about 40% of those were people who were just about 19 and 20. Because, you see, over there they can't drink until they're 21. So they swarm in buses, the young ones, over here, bringing with them their social problems, depositing them on the doorsteps of Canada and maybe leaving some of the prostitution, leaving some of the spinoff of what addictions of drugs are, leaving some of the criminal elements.

I'm not calling them criminal; I'm just saying when you have an impact of people doing all that, we have to do that. And what do we do? We beef up our police services to protect those. Very soon we start complaining that the costs of the police are so high. "But we're making enough money," they say, because every time they put a quarter inside a slot machine, an American quarter, it's a little bit more than the Canadian quarter, so we're winning, we're really winning.

I'm saying, if you don't have the proper people we are appointing, since you are going to proceed with this gambling — and this debate is not about whether we should have gaming or not; it's about who we put in charge to be responsible for those appointments. Who has the social responsibility? Who is it we're going to put on those boards and commissions that we can understand what we're getting? And this, only Windsor alone. That's only one aspect of it. Rama, of course, they decided was another social responsibility we have. Guess what those responsibilities were? Day care. My golly, we didn't even anticipate that, that these people on the commission we're appointing would understand that social responsibility, that the 10-year-old or the 11-year-old or the 12-year-old in the parking lot, running around, could cause some problems.

2230

Maybe if I'm a 12-year-old and my mom and dad are inside there gambling, I'm going to have my fun. I get bored after two hours or so. She or he may be winning or losing my milk money inside there, but it's okay, the government said it's okay for them to lose my milk money, or maybe can't pay the mortgage and all that. But



I'm out here playing and maybe one of the ways to play is: "I wonder if we can get into some of the cars, get into some mischief, for fun?" It's the social responsibility of those who are on the board to understand that and we must be beyond reproach as to who we appoint.

This is a step in the right direction, and I know that as you vote on this and support this amendment, this motion itself, you understand why we feel so strongly about this, very, very strongly about this, because when the chicken comes home to roost, there's a lot to pay afterwards, a lot to pay.

Then we wonder why our social costs are so high, why prostitution creates so many problems, why drugs create so many problems. And we say, "Where is it?" We follow that trail back and say: "Who gave this individual this license to conduct that? Did we look very seriously at some of the things that are now causing the problem? Did we realize that if we bring a 12- or a 14-year-old on the premises, it also could cause some problems?"

Why are those children out there? Do we, as a government, have a responsibility for that? We would say, "Oh, no, the government can't do everything." As a matter of fact, lately we find that many of the ministers in this government are saying: "I'm the minister of housing, but I want to be out of housing. I'm the minister of welfare, but I don't want welfare, I don't want to look after anybody on welfare." My golly, where are these ministers? The minister of consumers: "Listen, I don't want to protect consumers, let the market deal with them."

We can't allow the market to deal with our 12- and 14-year-olds in Rama. We can't allow the market to deal with the prostitute in Windsor. We can't allow the market to deal with the drugs, because the social costs —

**Mr Clement:** Speak to the point.

**Mr Curling:** The point I'm trying to say to you is, we must have the responsibility that when we make those decisions and we appoint people to the commission, they know who they're giving it to. That's the point I'm making. Because it goes far and cuts very deep and the chickens come home to roost and we'll be long gone, many of us; we'll be long gone and other members of Parliament will be wrestling with different issues. Not this. They'll be dealing with issues I'm raising now, and I'm saying to you that it starts here.

Those who we're electing to serve should be people from all walks who understand this. That's why all these things are related. It is extremely important that we not focus so narrowly: "Oh, let's just ram this thing through and get on with something else. We've got more important things to do. My golly, this is only just to appoint some people on the commission; that's it. Nine, or 10 or 12, or whatever the numbers are, let's get on with it. Do you know anyone? Oh yes, my riding president. Well, let's get on with it." Not understanding the social responsibility that goes with that, not understanding the integrity and the honesty that must go along with the kind of a role they must play.

Where does responsibility start? Here. Not there, not the appointments. It starts here, how we conduct ourselves, how we manage and how we legislate, how we put legislation together. Every word has an impact, positive and negative, on someone outside there, protecting especially the most vulnerable.

I'm not too concerned about those out there who can get a nice lawyer if they get into trouble and get off. I'm not really too concerned about that, because I think they can look after themselves. I'm concerned about those who can't even read this kind of wording. I'm concerned about those who are saying, "My golly." I'm concerned about when a judge stands up and says: "That's the law, I can't do a thing about it. That's what it says right here."

That is why it is so relevant for us to speak on this and that is why I am so very happy that my friends Mr Kormos and Mr Crozier feel so strongly about this because I think they do understand that. I think you understand that too. I think you do understand me, but you're wondering now, "If I vote on this, I'm wondering if my boss will tell me that I am disloyal to the cause of the Conservative Party, because we have been whipped into shape to say, 'This is the way we should go,' so let's not look that way."

But I appeal to your conscience. I'm not appealing to the Conservatives, not at all, I'm not appealing to the Liberals or the NDP, because I'm appealing to your conscience and your heart, of a society that you need, your children and my children, to come up and be able to go to Windsor and if there is gambling there, which is by law, that's fine, but the person who has gotten that licence was given that licence because a commission sat down on integrity and honesty and social responsibility and said, "If you ever slip, my dear man, or my dear woman, we shall take that licence away, if you're not making the proper provision." But they can't do that if they don't understand their role. If their loyalty and allegiance is not to that, if their allegiance is to the party or my friend, it becomes short and narrow, short-sighted.

It's short-sighted because the fact is it stops there. It only stops there or goes beyond. So when that chicken comes home to roost and we're paying for it — not we, but maybe my daughter may be sitting here and saying: "What did my Dad do? Did he know that this legislation was going through, when they were appointing people who did not have that kind of social responsibility that today there are the repercussions, that we are having to pay for that? What did he do?"

I would be negligent in my role in many ways, negligent first as a father, next as a citizen, and also very important as a parliamentarian who makes the law — that's what we do — and I saw this and did not speak about it. I feel as strongly about this as when we rammed undemocratic things through the process and we said, "No way." Because I want to know when my daughter or my grandchildren — I don't have any yet — say: "Grandpa, so what did you do? What did your colleagues over there do? What did the Conservatives do?" I will say to them, "I appealed to their conscience, my dear; I appealed to their heart and their brain and their intelligence and they did change," or I may not be saying this at all because the chickens did not come home to roost.

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I may not even have this discussion with them, but don't allow us to have that discussion with our generation down the road: "What did you do? Did you allow this legislation through? Did you make any amendment?" I

want to say to them: "My colleague Mr Kormos put an amendment through and I spoke on it, my dear, as best as I could in my limited expression of emotion and my limited way of expressing myself, but I tried my best. My colleague Mr Crozier also spoke and Mr Kormos spoke, because he's the one who put it in." She would say to me: "So Grandpa, did any of the Conservative members speak on this issue at all? Did they say they didn't like what you're saying or you didn't know what you're talking about?"

**Mr Clement:** We haven't had a chance.

**Mr Curling:** You will get your chance. I want to say to them, and you still have the opportunity. I want to say to them, "Yes" —

**Mr Clement:** This is a farce.

**Mr Flaherty:** Are you going to tell your grandkids about the farce that you perpetuated?

**Mr Crozier:** It's your bill. If you want to call it a farce, why it's up to you.

*Interjections.*

**Mr Curling:** They seem to have woken up.

*Interjections.*

**Mr Curling:** It's a farce, the Conservatives say, to look for social responsibility; it's a farce to have honesty and integrity; it's a farce for us to have proper legislation; it's a farce for us to debate this; it's a farce to be democratic; it's a farce for us —

*Interjections.*

**Mr Curling:** It's a farce for me, as a representative appointed by the people —

*Interjections.*

**The Chair:** Gentlemen, Mr Curling has the floor. I'd ask you to continue with your presentation, Mr Curling.

**Mr Curling:** It's a farce for me —

**The Chair:** No, excuse me, Mr Curling, back to the amendment. We're done with that —

**Mr Flaherty:** You aren't going to be paid for today? Are you taking money for this from the taxpayers of Ontario?

**The Chair:** Excuse me, Mr Flaherty. We're done with that. Please do the presentation.

**Mr Curling:** I'm going to.

**The Chair:** Good.

**Mr Curling:** It's a farce, as the individual would feel; it's no farce for me —

**The Chair:** No, excuse me, Mr Curling, now you're debating with the comments that were made. Those comments were out of order, and I don't think it's proper to debate them. So if you'd just stick to the amendment.

**Mr Curling:** Oh, you did say it was out of order.

**The Chair:** Let's get back on the rails.

**Mr Curling:** I wanted to, but I thought you accepted what they —

**The Chair:** No, certainly not.

**Mr Curling:** You didn't rule them out anyway, so I thought —

**The Chair:** No, they're definitely out of order, Mr Curling.

**Mr Curling:** Oh, good, now I shall not address them.

Now, let me tell you this. I want to tell my children and my grandchildren that I spoke on this amendment. I want to tell them too that I gave you all the opportu-

ity — not I, but the process gave you the opportunity to speak on this, to either defend it or to say that what I did is a farce because I want social responsibility and I want honesty and integrity in the legislation. I want it so that the commission there can conduct their job and when they are appointed these are the people that would have to say proper legislation was drawn and you carried out your work as best you know.

Many times what has happened — as you know, Mr Chairman, as you listen attentively — is that we have legislation that many of our colleagues haven't even read. It goes even beyond that. There are introductions of things and they haven't even known what the bill is, and they would like to pass it as fast as possible. We can't afford to do that. The lives of our people are too important. The lives of our children are too important. The lives of our grandchildren are too important. It's important to the extent —

*Interjections.*

**The Chair:** Have you completed, Mr Curling?

**Mr Curling:** No, I'm just warming up.

**The Chair:** Good, please proceed.

**Mr Curling:** It is as important —

*Interjections.*

**Mr Curling:** If it takes me the whole night to make this point, because it's important, it's very important —

**Mr Flaherty:** When's the intelligent part?

**Mr Curling:** When you wake up, it'll be intelligent. It is important because, as I said, we are moving into an area that is new to us, and we must move cautiously. We must put the right individuals in place, the individuals who can conduct it properly, but before we put those individuals into place —

*Interjections.*

**Mr Curling:** What I say is so important, and not only that it's important, I believe in it with my heart and I also know that the thousands and thousands, maybe millions of people who are not given this great opportunity like myself to express this, that they would like me to say this, and I will say it: As painful as it is to them over there that they will have to listen — and if they don't want, as painful as it is —

**Mr Flaherty:** It is painful, very painful, extremely painful.

**Mr Curling:** — to know that they're going to live up to their responsibility, and the responsibility starts here — not in the commission; it starts here in making good legislation. When we direct the bureaucrats to go back and redraft this, we want to say to them that they got the input that is necessary to make the proper legislation. They got that. I know how painful it is, but I want to say this because I know I had not completed my thought. When I say to my grandchildren, "Grandchild, today we have a lovely, beautiful country" — and the reason for that is that my colleagues, as we debated, we have a province in which you can walk safely, we have a province that the drug situation that would have been caused by the issuance of licences and no sort of adherence to law and order, all that adherence to law and order was looked after because we had the right people in place to give the right people the opportunity or the job to open a casino, or an alcohol-dispensing place. It's important.



The reason why we do this — why do we do this? Why do we have a commission about alcohol and why do we do this for gaming?

**Mr Douglas B. Ford (Etobicoke-Humber):** We wouldn't have to have all this gambling if it wasn't squandered —

**Mr Crozier:** What about the \$20 billion you're going to borrow?

**Mr Curling:** In the meantime —

*Interjections.*

**Mr Curling:** Yes, Morley Kells and all that, yes. All those people appointed —

**Mr Crozier:** Not one Liberal.

**Mr Curling:** We did Morley Kells and a couple of people like that.

*Interjections.*

**The Chair:** Gentlemen, the recording and Hansard are going to have a difficult time. Could we continue, Mr Curling?

**Mr Curling:** Mr Chairman, I'm trying to cooperate as possible. Of course, all the cackling over there —

**The Chair:** We know exactly what you're doing, Mr Curling, so just proceed.

*Interjections.*

**The Chair:** It's late at night, Mr Crozier. Mr Curling, I'd ask you to please proceed.

**Mr Curling:** Thank you. I'm glad you gave me back the opportunity.

**The Chair:** You never lost it. You had the floor. We have peace and quiet now. Please proceed.

**Mr Curling:** I like how neutral you are, Mr Chairman, and I appreciate that very much, because I will continue to make this point. You see, the responsibility, as I said, starts here. It starts here as legislators. It starts here, where we have to say to ourselves that the fact is that whether we are focused, we continue —

**Mr Flaherty:** Too bad it didn't start in 1985, when you formed the government. You could have done something about it. Where were you for five years, when you were squandering Ontario's resources, increasing spending 10% a year?

**Mr Crozier:** Chair, I can't hear my friend.

**Mr Flaherty:** Where were you for those five years when you were a minister?

**The Chair:** Gentlemen, it's late at night. Unless you want to recess for five minutes, I'd suggest we let Mr Curling say his piece. I'm very interested in receiving inside information. Please proceed.

**Mr Kormos:** Mr Chair, I'm not on Prozac myself, so it's not as if I can give anybody any.

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**Mr Curling:** Is there a recess of five minutes?

**The Chair:** No, no.

**Mr Curling:** I see. But they seem to need a recess. I don't need a recess at all. If they need a recess it's fine with me.

**Mr Ford:** If you'd been here for the last three weeks you'd need a recess.

**Mr Curling:** One of the things, Mr Chairman — I want to make my point. I've been interrupted so many times that I have to go back to connect the point because I know their concentration at this time of night —

*Interjections.*

**Mr Curling:** If it takes me a week to make the point to you for you to understand, I will do a week to do this. You see, I will take the week to make it, because —

**Mr Guzzo:** When's the next election?

**Mr Curling:** We can't wait till the next election. We can't wait at all because in the next election — I'm trying to say to you to save yourself in the next election, because here is an opportunity now to do something that is right, for my grandchild must be able to say to me: "Grandpa, I'm so proud of this country. I'm so proud because their colleagues in the House sat down and drew up proper legislation. We're not like the other country. I'm so proud because we know that what —

**Mr Ford:** I hope he doesn't grow up to be a little socialist. The poor little bugger will starve to death.

*Interjections.*

**Mr Curling:** It seems to me that any word that is socialist —

**Mr Crozier:** I think anything Mr Ford says that isn't written down you should —

*Interjections.*

**Mr Crozier:** These are spontaneous things that come from Mr Ford too. You don't usually hear Mr Ford spontaneous like that. I think we should listen to him.

**Mr Ford:** I've been sitting here all night listening to the gibberish on both sides there, and after a while you have to talk back because they just don't understand what we're —

**Mr Curling:** Mr Ford, who arrived here —

**Mr Ford:** That money that you squandered should be put into factories, resources. Develop this country rather than just squander.

**The Chair:** You're out of order, Mr Kormos and Mr Ford. If we could proceed, Mr Curling.

**Mr Curling:** I don't want to tell my grandchild that the cupboards are filled, lots of money is here, but we have more drug addiction outside, we have prostitution, we have the poor. But the bottom line is we've got lots of money in the cupboard, lots of money there. I want to tell them that when we —

**Mr Flaherty:** Tell them how you sat at the cabinet table and approved Monte Carlo nights. Tell them about that.

**Mr Kormos:** — 20,000 slots.

**Mr Flaherty:** He's against gambling he says.

**The Chair:** Mr Flaherty, you're out of order. Mr Curling, can you address the amendment before us.

*Interjections.*

**The Chair:** Mr Flaherty, please. Mr Curling, please address the amendment before us.

**Mr Flaherty:** Actions speak louder than words, Mr Crozier.

**Mr Curling:** Let me tell you something, Mr Chairman —

**The Chair:** No, no. Mr Curling, don't tell me anything, just address the amendment.

**Mr Kormos:** — control the zoo there.

**Mr Curling:** If I can't speak to the Chair, who do I speak to? I said, "Let me tell you," you said, "Don't tell me anything." Who should I tell it to?

**The Chair:** You tell it to the committee, that's who you're addressing.

**Mr Curling:** Through the Chair.

**Mr Kormos:** He's supposed to speak through the Chair.

**The Chair:** Fine, through the Chair.

**Mr Curling:** Oh good, now I can speak to you, Mr Chairman. Let me tell you, Mr Chairman, since they're not listening, I want to tell my grandchild and I want, when my grandchild says to me, "Grandpa, how did we approve all these casino nights? How did we approve all this gaming? Why is it we weren't more responsible?" I'll say, "My dear, it started with good legislation" —

**Mr Flaherty:** Monte Carlo nights, that's where it started.

**Mr Rollins:** The rent control board.

**Mr Kormos:** Oh, oh, rent control. Alvin?

**Mr Crozier:** Did you hear that? Alvin, take it easy, take it easy.

**Mr Kormos:** Chair, the government members introduced a new issue here, rent control.

**Mr Curling:** That's no gambling, I'm telling you. Let me tell you an example, Mr Chairman, an example of appointing a board, what we did.

**Mr Kormos:** They're up to their knees in guano.

**Mr Curling:** That's a good example and I'm glad that the honourable member raised the point about the rent control board. I'm so glad about that because it's a good example, it's an excellent example —

**Mr Guzzo:** Let's be fair here. This is the most intelligent Liberal we've heard in three weeks right here.

**Mr Curling:** Let me tell you —

**Mr Flaherty:** The best opposition member by far.

**Mr Guzzo:** You make Kormos look smart.

**Mr Curling:** Let me tell you a good example about appointments to good boards and commissions and how it's comprised, how we got this going, because I didn't have the answer to resolve the issues. No. I did not come here in this Parliament to say: "Here I am, the saviour. I have all the answers." Oh no. What I did, Mr Chairman, is I appointed landlords and tenants to come up with answers, and when I was through, I appointed Morley Kells on the rent review board. I just thought I would appoint him, and I did.

**Mr Kormos:** Good Progressive Conservative. I read his stuff in the Star regularly.

**Mr Curling:** The idea about all of this, Mr Chairman, was to make sure we have some objectivity. That's why we have landlords and we have tenants.

The idea about this amendment is that we can have objectivity, that we don't have a selected few, so my grandchild, whom I was telling you about, would say to me — there's one way or the other. If this happens today, he or she will say to me, "Grandpa, I'm so happy to live in a country that is not infested with prostitution and drugs and crime. I'm so happy. Not that I like, Grandpa, the gambling and the gaming that goes on or a lot of the drinking that goes on. I don't like it but, Grandpa, I understand. But I'm so happy to live in a country where it is regulated, it is done properly." I want to say to that grandchild, "It started off, my dear, with good legislation, with my colleagues with whom I had to speak at length before they understood that it starts with good legislation and appointing people in a very objective way."

I'll say, "Well, how do they do that, Grandpa?" and I'll say, "What we did, my dear child, is we sat down and put an amendment through to say, 'We shall not appoint people who are card-carrying people within the government of the day.'" They'd say, "What a wise move."

I'd say, "I would not like to take all the credit, my child. There's a colleague of mine, Peter Kormos, who had moved that motion. And as they spoke, it took us some time to convince the Conservatives. There was a lot of heckling," I would want to tell them, Mr Chairman, "and sometimes some insults." They would say, "Grandpa, did you put up with those insults?" and I'd say: "Sure. Of course, my child. Because, you see, the struggle, the cause, was greater than I and the cause was greater than Mr Crozier and the cause was greater than Mr Kormos. The cause was greater than every individual. So I put up with the insults. You can read the Hansard. The Hansard couldn't keep track of the insults and the abuse that was put forward while we tried to put this amendment through."

**Mr Ford:** We weren't insulting you. We were stating facts.

**Mr Curling:** But I would say to them, "My dear child, today that's what we call democracy. It's okay. Don't lose sight of that goal. Keep your eye on the ball. I know their eye was on some money in the cupboard. They don't care about people. They said: 'We want lots of money in the cupboard. That's all we want.'"

**Mr Rollins:** Because the guy who put the money in the cupboard wants some back.

**Mr Curling:** "And I said that what will be a disaster for that, if we had something otherwise, is we would say that the money's in the cupboard but the people are poor. There are no homes, no adequate policing. We couldn't spend because we wanted money in the cupboard."

**Mr Ford:** If you're going to put money in the cupboard, you've got to work for it. Why don't you tell them that? That's what matters.

**Mr Curling:** "But when we appealed to them, they saw the sense of it all because, my dear child, if the chickens had come home to roost today, it would have been bad that you have not supported this amendment." And at this time, the child says, "Grandpa, why is it that we have so much crime? Why is it that prostitution is rampant? Why is it that all these criminal elements are happening just around these places?" And I would say that the people who had appointed and given out these licences are supposed to have four of the most important ingredients to help them make a sound decision. They should have integrity, honesty, they should have social responsibility, they should have this commitment to that cause. What happened? They ignored that, and we're paying the price today. We're paying the price because they had appointed some friends to this.

**2300**

They would say: "Grandpa, what do you mean, their friends? Did their friends have any intelligence? What do you mean, friends? Don't you have friends, Grandpa?" I'd say: "I have friends but, you see, those who were appointed were members of the government of the day. They were the government of the day, and the government of the day wasn't too concerned about the cause and the issue."



**Mr Kormos:** Social responsibility.

**Mr Curling:** "They weren't too concerned about the social responsibility of what is happening today. They were just concerned about paying off some friends who had contributed to their party."

"What's that, Grandpa?" I'd say: "They gave money, you see, and they'd go out — you see those things we used to do, my child, with the handouts? I'll show you some of my clippings, where we hand out and have them all so people can vote for us. Yes, they had no other way, they said, to pay them off, so they're appointing them to something we call boards and commissions." "What about the qualifications? What about those things you talk about, Grandpa?"

**Mr Kormos:** They were friends.

**Mr Curling:** That's right. "What about those things you talked about: integrity and honesty and social responsibility?" I'd say: "That was secondary. The primary thing now in all of this is that you're a member of a political party of the day."

"But didn't they understand all this? Wouldn't they understand all this?" I would say: "I thought they did. I spoke till I was hoarse. I spoke hoping that I would appeal to the heart, because outside of the committee they were decent, respectable people, fine people in Parliament." "Do you get along with them?" and I'd say, "Fine."

"But what had driven them to the point that they couldn't do the proper appointment?" I'd say, "They had this blind loyalty, you see, my child, to their leader, who tells them, 'That's the way it should go.'" "No, Grandpa. You mean to say that they have no independent thinking? Did you appeal to their hearts?" I'd say, "Yes, I did, but the fact is that they said to me in their faces, as they stared at me across from my seat, my child, their faces were telling me, 'I'd like to support this, I want to support this, but I have, you see, this blind loyalty.'"

And they'd say, "Did people elect them to the House of Parliament like you, Grandpa?" "Yes, just like Mr Kormos and Mr Crozier, because they came with a commitment and a conviction not to carry their own convictions, but what the people wanted." "What about them?" I'd say, "They were driven by their leader that they could not support this."

But I want to go away, my friends. I want to go away and throw that story out. I want it not to be ever repeated again. I don't want to repeat that story. I want it out. I want to repeat that first story, that long after you're gone, we continue to live in a society that is fair to all, that has a social responsibility to all, where honesty and integrity on boards and commissions blossom and bloom within there and continue. It's catching, because the next one that comes along will have to behave in the same way that you have appointed these people, because if you do the wrong thing, they're going to behave in the same way too.

So as I said and as I conclude, Mr Chairman, I say to you, do the right thing. Do the thing that I can turn around, and you — not only my grandchild, because not only my grandchild will be around this place. It'll be yours and yours and yours and, Mr Chairman, also yours. Your grandchild will say, "Grandpa Gerry, you were in the Chair when Mr Curling was appealing" —

**The Chair:** I'm sorry. As I reminded my good friend Mr Kormos, I think it's improper to make reference to the Chair as part of your argument. If you wish to make reference to other members, I think that's quite proper. Thank you, Mr Curling.

**Mr Kormos:** The Chair doesn't want any part of this whole sordid affair.

**Mr Curling:** Let me put it this way: Whether it be Grandpa Gerry, whether it be Grandpa Alvin, whether it be Grandpa Peter, it is not the Chair I was addressing at the time, Mr Chairman. I was not at all addressing the Chair when I called that name. I was addressing the fact that that individual was sitting there, and I can address the Chair to say, where was he and where was that social responsibility to say: "My child, I heard this and I was moved. I had no vote unless it was a tie, and there was no way it could be a tie, because there were a massive number of Conservatives there?"

So I said to you, do the right thing, not for yourself but for your children. Do the right thing for one of the greatest countries in the world, Canada. Do the right thing for the greatest province, Ontario. Do the right thing because not only is it the right thing to do, but also it's an honest thing to do. It's the social responsibility that you should feel good in the eve of your time.

*Interjections.*

**The Chair:** Gentlemen, Mr Curling was almost concluding there.

**Mr Curling:** No, no. I wasn't almost concluding. Oh, no.

**The Chair:** We're here to listen to your wisdom, and I was in no way rushing you. You mentioned you were concluding. I just —

**Mr Curling:** You said near concluding. But I said to do the right thing, to talk about —

*Interjections.*

**Mr Curling:** Mr Chairman, to my colleagues who are commenting —

**Mr Ford:** I heard you talk yesterday. We had nine in the family. You talked about a grandfather and grandmother. We didn't have a grandmother and grandfather. You talk about having a mother and that. We had one woman to take care of 11 people.

**The Chair:** Gentlemen, you're out of order.

**Mr Guzzo:** When are you going to get around to your famous night in the Legislature? Going to tell any of that to your grandchild? They'll be proud of you then.

*Interjections.*

**The Chair:** I need a break, gentlemen. There will be a five-minute recess.

*The committee recessed from 2308 to 2312.*

**The Chair:** I reconvene the meeting. Mr Curling, if you would proceed to your seat. Thank you.

**Interjection:** Swing in with your main speech for Gerard Kennedy.

**The Chair:** Mr Kennedy. Sorry: Mr Kormos.

*Interjections.*

**The Chair:** I should have taken more than five minutes. Mr Curling, please proceed.

**Mr Curling:** Thank you very much, Mr Chairman. I know how tired and exhausted we are. This process is a tiring exercise. I know it. Making laws is tiring, tedious, difficult —

**Mr Kormos:** Unpleasant.

**Mr Curling:** — and also sometimes unpleasant. Actually, to get it right at times we've got to go over it over and over and over, but we've got to get it right. We've got to make sure. If we have in this legislation, in this amendment, in this commission, the individuals who are appointed who have all those ingredients that we talk about today, it may take some time. It may take some time where you'll get mad with me, I know, and I understand that. Sometimes your eyes gloss over reading all of this, but you'll be happy later on, Mr Chairman, to know that good legislation was written, and we had lots of other things to do but it's no use we jump over this and go on to the next without doing the proper thing.

I'm going to appeal to you in my summary here to say to you, do the right thing. It's a step in the right direction. It's a process that is needed. It's a new era in politics and you have the opportunity — you all have the opportunity; we all have the opportunity — for you to do it and for us to assist you in doing that. Because you are the government, and you can take all the praise. It doesn't matter to me. Take all the praise. Say that you brought in legislation that is relevant and has all the things that are needed to have a socially responsible society and a government that is socially responsible.

Although someone said to me that I'm against gambling and I'm against this, I never for one minute say that. Of course I can be against it, but I live in a democratic country and I know there are some people who would like certain things that I don't like, and I may like things that they don't like, and that's all right. That's where the tough job is and that's why I was elected. I told the people of Scarborough North that I may do things that may not be happy with everyone but I'll be darned, I said, if I'm not here to protect the most vulnerable in our society, those who can't speak for themselves, those who have asked me to come forward and do this, those who are saying: "When you're making laws, remember me. When you're making laws and I read this, I can see myself reflected in it, that you have all considered me out there, so that when I get there I don't need lawyers to defend me with high prices, because I can't afford it. I don't have the time," so when we have those kinds of laws —

**Mr Kormos:** Pro bono.

**Mr Curling:** Support this.

I want to thank you so much, Mr Chairman, for your patience and I want to thank my colleagues for listening so attentively. Now they are all so calm. I know I've appealed to their heart and I leave it to their conscience. Thank you very much.

**The Chair:** Thank you, Mr Curling. Do we have any further comments?

**Mr Kormos:** I don't want to protract this debate unduly, but Mr Curling has, in a brilliant and articulate and passionate way, raised some facets of concern that I hadn't addressed. I think they warrant some very brief emphasis from my point of view at least as the mover, sponsor of this motion.

I'm grateful to the generosity of spirit of the government members of this committee towards me. I appreciate their collegiality and their warmth, and their support and

recognition of the role that opposition members are obliged to play in this process.

Mr Curling very much emphasized youth and reflected on the fact that this isn't just a gaming commission. Too often the focus of course has been the slot machines, which is not unimportant in itself. As well — and he put it in a way that's so readily understandable — we're talking here about avoiding having members of the board with conflicting interests, protecting them from that, from the compelling interest of wanting to serve your master, and when you have political patronage that's what you've got. You have an obligation to serve your master; that is, your patron, the person from whom you derived and for whom you derive that position because of political payback. There's something implicit in that.

The role of this board, this commission, not only in managing what is the most dramatic and dangerous gambling regime in perhaps all of North America — and I say that well aware of the nature of the regime in Nevada — but as well what we've witnessed in terms of a relaxed attitude towards regulation of the sale and distribution of liquor and spirits and alcoholic beverages, one can only anticipate. One of the things that the LLBO, now not submerged but joined in with the gaming commission in this new supercommission, has been is a source of advice to governments on potential reforms. By and large, I suspect that every government has consulted them and will continue to consult them. That's one of their implicit responsibilities — and the commission has that responsibility in this legislation — to report back to the government on an as-needed basis, but also to provide advice and direction when the government is looking to respond to the various interest groups that appeal to it. This government has the pressure from interest groups, as every other government has — different interest groups perhaps, but none the less interest groups all the same.

I can't emphasize enough that what the amendment speaks to is the enhancement of the position so that members serving in that position, members of the board of directors, can do so freely without there being any sense of indebtedness to their political masters, without there being any conflict of loyalties: Am I going to be loyal to the party and the government of the day or am I going to be loyal to the requirements that are imposed on me by the legislation?

I urge support for this legislation. I thank Mr Curling for his articulate and indeed brilliant analysis of the amendment and its need. I urge all members of this committee to support this amendment. They will have made history by doing so. This late evening session will be referred to and recalled with great pride by the members of this committee and by their colleagues in their respective caucuses.

Thank you kindly, Chair.

**The Chair:** You're speechless, Mr Kormos.

**Mr Kormos:** No. I'm waiting for the Chair to call the question because I want to advise the Chair that upon calling the question I anticipate a 20-minute recess as per the rules.

**The Chair:** That's somewhat of a surprise, but I think it can be arranged.

We have a question: Shall the amendment pass?



**Mr Kormos:** A 20-minute recess.

**The Chair:** Mr Kormos has requested a 20-minute recess for the purpose of caucusing with his caucus. That means we shall return at 11:45.

*The committee recessed from 2321 to 2341.*

**The Chair:** The question: All those in favour of the amendment?

**Mr Kormos:** A recorded vote, please, Chair.

### Ayes

Crozier, Kormos.

### Nays

Clement, Flaherty, Ford, Guzzo, Rollins.

**The Chair:** The amendment is defeated.

Is there any further discussion or amendment relating to section 2 of the act?

**Mr Kormos:** I move that subsection (3) of section 2 of the schedule to the bill be amended by striking out "five" and inserting "nine and not more than 19."

**The Chair:** Mr Kormos has moved an amendment to subsection 2(3) of the schedule to section 1 of Bill 75. Is there any discussion?

**Mr Kormos:** As you know, from the very onset of this debate the focus has very much been on subsection 2(3). At the very initiation of the clause-by-clause consideration, there was concern about the vagueness and the lack of direction or guidelines or parameters in subsection 2(3). The original bill, as it stands, simply specifies that there have to be at least five people on the board. We've gone through a series of attempts to refine or assist the government in the course of its developing a body or a board that's going to meaningfully give effect to the provisions of section 3, which have been referred to frequently.

The purpose of this amendment is to give some scope. One is concerned that a mere five people would permit the board and its capacity as the directing body of the commission to be monopolized by a mere handful of people. The government could conceivably get away with five people. Again, not having had the government give any positive effect to the series of previous amendments, one has to be concerned about that board representing a cross-section of the community, a variety of those interests. It's my respectful submission to you, Chair, that five people simply can't do that, which is why I've suggested a minimum of nine. I of course picked an odd number because that permits a board to be in a position, conceivably, where it needn't necessarily be deadlocked.

At the same time as I'm concerned about the minimum of five, I'm concerned about the prospect of this kind of board becoming — because there's going to be so much money here, there's going to be so much revenue coming out of these slot machines that this board will have the capacity, heck, to support or maintain 100 members, no two ways about it.

We went through exhaustive arguments about the prospect of patronage and although argued at length very skilfully by, among others, Mr Curling and Mr Crozier with respect to various amendments, one's left with the fear that this becomes a dumping ground, as I say, a collector for people to whom the government has obliga-

tions, because the government clearly has embraced the traditional model of patronage. The government clearly has embraced it.

I understand that they may not have been satisfied with the wording of each and every amendment that's been proposed so far to section 2, all of which dealt with the issue of adequate representation of a broad cross-section. There's more coming. With great interest, I note that we have an amendment that's — and I didn't know whether that one was going to be called upon to be presented before mine or not. It's unfortunate that it wasn't because that in some respects would have addressed the issue of numbers. Implicit in it is a requirement that there clearly be more than five, unless you get some doubling up.

Look where we started. We started with Mr Kennedy's most modest of amendments. Got shot down, got shot down, got shot down. Here we are burning, we're in flames. We're at a point where we sorely want to see this board, because of the incredible powers it's going to have, the incredible resources it's going to have available to it, have the capacity to fulfil its mandate, especially that mandate prescribed in subsection (3).

So I have proposed a nine-to-19 model; 19 seems to me to be a particularly high number but one which could contain, should there be a government at some point in time, an adequate cross-section of representation such that all of the respective groups, organizations, facets of the community, persons affected, be they victims of the slot machine directly in terms of gambling addicts or victims, to wit, small business people who are clearly going to be displaced.

We heard from those people. They deserve representation. Nine to 19 accommodates them; victims like in the break-open ticket industry who predicted — notwithstanding the spin that Mr Pollock put on his version of the Alberta data, the Alberta data appear to substantiate the fears of the break-open ticket industry, and notwithstanding that one can talk about break-open tickets in such a way as to express concern about the market that's there, one heard that the market for break-open tickets tends to be lower-income people. Indeed, at least one break-open ticket dealer spoke of seniors. Most of our personal experience would corroborate that seniors, although an exclusive market, are very much a market, be they folks at the Legion hall, folks in various social clubs and non-profit organizations. Our own experience tells us that's where the vast majority of these tickets tend to be.

In addition, we've got these tickets in what tend to be the smaller retail operations; by and large smaller towns, by and large mom and poppers as compared to chains, although I believe I recall seeing these in some of the chain drugstores and some of the 7 Eleven-type stores.

### 2350

With the break-opens we also, as we did with the young woman up in Sudbury — she was speaking in Sudbury but she ran the small three-day-a-week bingo parlour — we heard from break-open ticket dealers that there's a clear identification of every break-open ticket location with the particular charity that one is in effect donating money to. Although the likelihood of winning in break-open appears — we heard the numbers from any number of the distributors — to be much higher than probably any other game of chance in this whole busi-

ness, whole racket, it remains that at the end of the day the purpose is for people to win a little bit of money but for the charity to benefit; for the retailer, the person who's the host of the ticket, to benefit; for the distributor to benefit; and for there to be overhead in terms of the people who manufacture and supply these tickets, who obviously are going to charge for their product — because that's all it is, a product.

You have a very specific and identifiable group. As I say, the one interesting thing about break-opens is that they are a specific industry with an identifiable scope: \$1.3 billion a year in purchases. One can assume, one can infer, some significant profits there — not for the retailer, who gets a modest piece of the pie for his or her efforts at selling these and handling the tickets and of course guaranteeing the security of them. One will also note that this was identified by that industry. I think all on the committee did the best they could in terms of asking questions in the limited periods of time. This was identified by the industry as something of a labour-intensive industry, a reasonably high labour component. Everybody spoke of the employees. Certainly that's going to be the case — a reasonably high labour component — in the actual manufacturing, the printing and assembly of these tickets, although certainly not as much as it was perhaps in the past. There you go.

One of the other groups that clearly identified a strong interest in the future of this commission, this new regime that's being proposed, was the bingo industry. This industry seemed to range from big operators, and Delta down in Fort Erie may or may not be the biggest — I don't think we ever found out — but certainly was a pretty big, by my books, bingo operator that made significant profits but also provided significant amounts of moneys, in the millions of dollars, to charitable organizations. That's also an operation that has a higher labour component, in my view — and this based on the stuff we've heard and read — than the slots in terms of attendance at the bingo halls and once again in terms of manufacturing the product, which is a consumable product. Unlike the slots which are there, the production of bingo placards, bingo playing cards, is an ongoing thing.

I know there are some places apparently, and Scarne made reference to this in his work as an authority on bingos, where they use permanent boards where you slide a marker across. In most bingo halls, and I've been in a number of them, people use their daubers. That accompanies the paraphernalia they take with them to bingo halls. You wouldn't believe — I mean, good luck tokens and little stuffed teddy bears and porcelain figurines, and they're laid out in a pattern in front of the players in such a way that can't be disrupted, can't be interfered with for fear of generating bad luck. It's an interesting aura, I suppose, basically of almost superstition that accompanies it, but that's not unusual, I submit to you, in the whole gambling world.

People wear their lucky suspenders. They bet horses with their lucky numbers. Numerology is prevalent among several types of gamblers. It's remarkable how prevalent that is among, interestingly, people who otherwise would dismiss that stuff as pure bunkum, nothing scientific. Indeed, I've talked to a whole lot of bingo players — mind you, you don't want to talk to them while they're playing because you're going to generate more than a little bit of ill will. Their job is to scan their — and I suppose in bingo the level of skill is in the ability of a player to scan their bingo cards while the game is being called. Quite frankly, bingo is portrayed as a game of pure chance, and at the base level it is, it's pure randomness, but there is that modest element of skill which I think is interesting. I must say I hadn't, until preparing for the submissions to this particular motion, reflected on that, albeit modest, element of skill.

One of the things I think that can be noted is that bingo is a common recreational activity among senior citizens and it is actually utilized in places like Sunset Haven down in Welland, which is a seniors' residence —

**The Chair:** Thank you, Mr Kormos. It seems our time has elapsed.

**Mr Kormos:** Chair, say it ain't so.

**The Chair:** I apologize once again to Mr Guzzo. We will not be able to hear from you this evening.

I thank you, ladies and gentlemen, for your attentive and good behaviour this evening. We are adjourned.

*The committee adjourned at 2357.*



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### STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

Mrs Marion Boyd (London Centre / -Centre ND)  
Mr Robert Chiarelli (Ottawa West / -Ouest L)  
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Mr Ed Doyle (Wentworth East / -Est PC)  
\*Mr Garry J. Guzzo (Ottawa-Rideau PC)  
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\*Mr Gerry Martiniuk (Cambridge PC)  
\*Mr John L. Parker (York East / -Est PC)  
\*Mr David Ramsay (Timiskaming L)  
Mr David Tilson (Dufferin-Peel PC)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Tony Clement (Brampton South / -Sud PC) for Mr Doyle  
Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
Mr Douglas B. Ford (Etobicoke-Humber PC) for Mr Leadston  
Mr Gerard Kennedy (York South / -Sud L) for Mr Conway  
Mr Peter Kormos (Welland-Thorold ND) for Mr Hampton  
Mr E.J. Douglas Rollins (Quinte PC) for Mr Klees

#### **Also taking part / Autres participants et participantes:**

Mr Alvin Curling (Scarborough North / -Nord L)  
Mr Mario Sergio (Yorkview L)

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Christopher Wernham, legislative counsel

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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 30 September 1996

# Journal des débats (Hansard)

Lundi 30 septembre 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Monday 30 September 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Lundi 30 septembre 1996

*The committee met at 1534 in room 228.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996LOI DE 1996 RÉGISSANT  
LES ALCOOLS, LES JEUX  
ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** I reconvene this meeting of the administration of justice committee, a continuation of our hearings on Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming. We have a quorum present. We last finished — we didn't finish. We were dealing with the third-party motion to amend subsection 2(3) of the schedule to the act, and Mr Kormos has the floor.

**Mr Peter Kormos (Welland-Thorold):** Thank you, Chair. It's been some time, and I understand that Mr Flaherty is frustrated by the failure of this bill to have been driven through committee, he as PA. Sometimes these sorts of things can be career-limiting moves when you don't deliver for your minister.

A lot was said and done during the course of the three weeks that I was with this committee, blessed as I was to substitute for Ms Boyd. I know the committee members missed Ms Boyd, but I felt very welcome here on this committee.

I think some apologies are in order, Chair. As I say, during the course of three weeks some things were said and done that were unfortunate, and I certainly do want to apologize. I want to apologize to the people of Ontario and to the participants in this committee process, many of whom made some very valuable contributions, many of whom had concerns about the slots, the 20,000 that are being proposed by this government, and cried out for, at the very least, some local optioning so that municipalities would have the right to say no to slots in our community, like the city of St Catharines has done, said no, no, like the town of Iroquois Falls has done and like some 20

other municipalities had already been on record as doing when these committee hearings commenced.

These proceedings were, oh, so bizarre, and again, the utilization of them by any number of people for any number of reasons was remarkable. Indeed, I have a carbon copy of a letter to the parliamentary assistant. I was cc'd. This wasn't submitted to the committee but I think it warrants being on the record. It reads:

"Dear Mr Flaherty:

"Thank you for your letter of September 16, which I presume to be a reply to my letter of September 15 addressed to the Premier."

Then the author of this letter says to Mr Flaherty:

"In attempting to explain how your party fund-raisers obtained my address, you mentioned that you previously wrote me a note of thanks at my home address. Indeed you did. It was a lovely note and quite right and proper in your role with the committee on the administration of justice.

"Once again, what was not right and proper was turning that information over to your riding association for their fund-raising list. That was a misuse of privileged information and abuse of incumbency.

"You say in paragraph 3 that your riding association referred to the written submissions to obtain addresses for fund-raising. This is clearly not the case. Certainly I'm not so foolish to have written to you in the first place if such an explanation were available."

You see, in the copy of the submission which she attached to the letter, it indicates that it's not her home address that's contained on the submission. She was appearing on behalf of a committee, and it was the address of the committee. That mailing address is quite different from her own. The conclusion is obvious. She writes, most politely under the circumstances, "Yours sincerely, Ms Rogers."

Incredible. You see, what's even wilder is that Ms Rogers appeared before the committee on behalf of the Golden Horseshoe Social Action Committee down in Fort Erie, criticizing the slot machine proposal, and here she ends up on a Tory fund-raiser list. Lots of luck, Mr Flaherty, but I know Ms Rogers well. I don't mind your Tory riding association spending time and money on the postage, but if you ever get a nickel or a dime out of Ms Rogers, it will be a cold day in hell, I can tell you that. Ms Rogers is far too committed to fairness and social justice to ever want to contribute money to a Tory riding association.

What more have we seen? We've seen now — and I'm sure everybody is in receipt of this because it was copied to all members of the provincial Legislature — correspondence from the Bishop of London, Rev John



Sherlock, writing on behalf of the Social Affairs Commission of the Ontario Conference of Catholic Bishops and soundly condemning in a very non-partisan way the proposal of this government.

We've got filed with the committee, presented to us today, a letter from Planned Parenthood, Waterloo region, soundly condemning the slot machine proposal. It was attached to this — what's this? A letter from Councillor Berry Vrbancovic from the city of Kitchener, saying please slow down and exercise caution.

1540

We also know there's been a whole lot of Tory backbenchers — I've talked to some of them — who are royally ticked off, to avoid using unparliamentary language. "Ticked off" is an understatement, because they figure they've been had. I'm told — and far be it from any members of the Tory caucus to tell stories out of school or to talk to me about what goes on in a Tory caucus room, but Mike Harris's spin doctors were in there giving them the line on slots. It was one of those "Don't worry" things. Come on. Grow up, people. Every time somebody precedes a statement with "Don't worry," it's tantamount to saying — I don't want to be offensive, but —

**Mr Bruce Crozier (Essex South):** "Trust me."

**Mr Kormos:** "Trust me." These slots were going to slide through like poop through a goose. Communities were going to be ecstatic with them. Remember, the first few days of these hearings, Mr Crozier, Mr Kennedy, Mr Colle, myself, we incited apoplexy on the part of some of the Tories, if not all of them, by referring to these as slots. Some of these dough-heads actually wanted the Chair to rule that we couldn't use the words "slot machines." That was all part of the spin, that these weren't slots, that they were somehow VLTs.

I must say the committee hearings for me were most revealing, because they illustrated the pathetic spin that the government has put on this issue and how transparent it was and is. I've since learned that again there's a whole lot of Tory benchers — we even heard one on at least a provincially televised broadcast over the course of the weekend say that he's not going to vote for them. I hope Mr Murdoch has the guts to actually vote against them rather than take the proverbial walk. It's not as if at this point he owes anybody anything or that he's put himself into that much of a risk position. There will be some who will say, "Oh, Mr Murdoch, that's a career-limiting move." It all depends what you're interested in in terms of your career. Are you interested in serving your constituency after the next provincial election? I suspect Bill Murdoch is. He's a Reformer. I disagree, but at least he's an honest Reformer, because unlike many of his colleagues, Bill Murdoch acknowledges being a Reform Party supporter federally.

I of course was in the committee when the Tory leadership convention was taking place out west. I had friends monitoring it on television. They couldn't find hide nor hair of a single Tory backbencher or frontbencher up there at that convention. While there may have been one or two, they're hard to recognize when they wear those Groucho Marx glasses and the big nose and the fake moustache in futile efforts at disguise

because they're embarrassed to be seen where they know they don't belong.

So what have we got? We've got a proposal here that's lost spin even with the government members, that's lost attractiveness. They've realized what some of us have been trying to tell them for a whole long time, that this doesn't have the popularity out there in the communities, least of all in what I call the real Ontario — I've got nothing against Toronto, but what I call the real Ontario, small-town Ontario, places like Welland-Thorold, the kind of folks that I speak for here at Queen's Park. I'm sure there are going to be isolated areas where, because of the obsession with gambling as some sort of industry — and again, we learned about the unsustainability of it as an industry.

Apologies are in order to the people who tried to come to this committee knowing full well that this government, jackbooted as it is, is going to ram through whatever it wants, regardless of what the critics say, even the critics within its own caucus. "Bill Murdoch, go away. You're just a little fly in the ointment here; you're just a modest irritant. Morley Kells, go away, you're just a modest little irritant here."

The real career-limiting move is to support this legislation. People who are interested in serving in this Parliament beyond the next three years or so, or two years if Mike Harris does a David Peterson, which I suspect he's disinclined to do — he might wait three and a half, though. I think the fall of 1998 is a maybe.

You see, a whole lot of these people never made this much money before in their lives and they're never going to make this much money again. Granted, even though the pension plan has been denied to at least those elected in 1995, 78-plus grand a year for starters ain't bad bucks in the total scheme of things when you're looking at growing unemployment here in the province of Ontario. A lot of these guys have never made this much money before in their lives and they'll never make this much money again. They could extend their tenure here beyond one term if they start listening to folks out there who at the end of the day have a whole lot more common sense than Tom Long ever had, has or ever will. Tom Long got the government elected. I'm not sure he'll keep the government in power. The people in the province keep government in power.

What happened? Both the Liberal caucus and, I suspect, Mr Crozier — I'm not going to speak for him; he's quite capable of speaking for himself — presented a number of amendments, all of which were in response to submissions made to this committee by well-meaning parties that had a good handle on what was going on here, who weren't as stupid as some of the people who swallowed the guff that was coming from the spin doctors in the Premier's office.

We have yet to see or hear from David Tsubouchi. Where's David Tsubouchi? "Where's Waldo?" David Tsubouchi has remained silent on this whole issue, not a word, notwithstanding that he knows, or maybe people just aren't telling him, that his absence from this committee became a significant issue on the Wednesday and Thursday of the last two days this committee sat, that more than a few members of this committee thought it was more than appropriate that David Tsubouchi should

present himself here and perhaps make some comment on where he stands on the issue. Where's David Tsubouchi? Not to be seen, certainly not to be heard from live, in person or by way of printed word.

We had legitimate concerns raised by people who knew that this gang of Tories, increasingly being referred to by the media and journalists as Reform-a-Tories — I noticed that on Focus Ontario on Saturday night. The nomenclature "Reform-a-Tories" has picked up currency over the last six, seven months or so, since it was first coined by persons unknown, and it's become part of the lexicon of the day, I say, knowing full well that this slot machine bill is going to go through come hell or high water.

The other concern I have: I believe some members of the Liberal caucus had requested production of that 80-plus-page secret police report because we haven't heard a single word about what's going to be done to the 15,000 — I don't care if it's 20,000 or however many thousands — so-called grey but potentially illegal slot machines and many, if not most, are being used illegally at least from time to time. We haven't heard a single word about how the government proposes to rid Ontario of those — nothing, absolute silence.

1550

We requested that from the parliamentary assistant. I don't know what he did for the balance of the summer through to when the House started. I can't see him as having been ticked off for too long about not being able to get the bill through clause-by-clause so that it would be there in time. Maybe for a day or two he muttered and mumbled and made references to one or two opposition members in most uncomplimentary terms. He may have talked unflatteringly about some of us to his barber or his hairstylist. He might have gotten chided a little bit. Then again I can't say that for certain; he's surrounded himself with relatively charitable people who know what it's like to screw up, and they'd understand that of him. He fumbled the ball. It happens. You don't get thrown off the team just because you fumble the ball. You may not become captain of the team; you may not become front string.

Then again he could be chastised as he was by Ms Rogers for getting her name on to his Tory riding association fund-raiser mailing list. I think it's really kind of neat. I wish more Tory riding associations would put more non-Tories on their fund-raising lists so that they'd spend that much money on postage. Lord knows the Tories have got money. Boy, they've got money.

I've looked at the Liberal amendments and they reflect, in my view, the comments that were made about this bill. I've reflected on the amendments this caucus made and by and large they respond in a similar way. Most are similar in principle — different wording, perhaps a different sort of spin on them.

People out there have said: "What are you doing this for? They're going to put the slots out there. Let them get them out there, because you've got two and a half, three, who knows how many years left to grind these people in question period. Start collecting the horror stories. Start collecting the stories of addiction."

I was speaking with a young woman — it's remarkable, and I believe Mr Crozier has had much the same

experience, how much more we've learned from people approaching us knowing that we've been sitting on this committee about gambling addiction, something which, remember, the Tory gang were tittering about, the locker-room kind of stuff: "Ha, ha, ha, gambling addicts. Well, Pete, what are you addicted to?" I could be addicted to any number of things, because addiction is a disease. It's not something that should be laughed about. It's something that should be treated very, very seriously.

We've learned so much as a result of being on this committee, and I know that the Tories — not all of them, of course not, but some of the Tory backbenchers are getting a little bit nervous because they've been getting messages back home that folks in any number of postal code areas, in the telephone exchange areas, are not interested in slot machines, especially in these ultra-high-tech, ultra-money-maker slot machines that are being proposed. We heard the management from the Windsor Raceway talk about how slick they are. In terms of the joy, I must tell you I was in Montreal a few weeks ago for a service at the St Joseph's Oratory —

**Mr Crozier:** Is Brother André's heart still there?

**Mr Kormos:** Yes, Brother André's heart is still there. I was over at St Joseph's Oratory. It was the presentation of a crèche — St Joe's collects nativity scenes, crèches from ethnic communities — that the Slovak-Canadian community had asked me to participate in. There was a bishop from Spis, in Slovakia, whom I had not met before, but I know the community, along with a large contingent of Ontario and Quebec Slovak-Canadians.

To make a long story short, I stayed in a hotel in downtown Montreal, and the first night I drove in, got there quite late, and the hotel was being renovated. It had just been bought by a big chain; it used to be independently owned. I went with the person who was with me to the hotel next door, I think it's the Delta on Sherbrooke, and had a drink. I was sitting there, and there were two slot machines, nowhere near as sophisticated or slick — pretty traditional electronic slot machines. I found it remarkable, because I sat there, and the machines at first were unoccupied, but it didn't take too long for somebody to sit down in front of the slot machines.

I was looking for signs of pleasure on the faces of the people playing these slots. It was around 11:30 at night. I was looking for some indication, some sort of body language, facial expression, even a whoopee or one of those exclamations that indicate joy or pleasure — two slots, right side by each. It was so uncanny to be in that scenario so soon after — by mere happenstance. I know we had talked about Quebec, we had talked to the Quebec lottery people and about the slots in every bar and tavern. Sure, it was the Delta, right beside La Citadelle on Sherbrooke, up by the Main.

This is a mid-range hotel. It ain't the Ritz-Carlton down the road, because I couldn't afford to stay at the Ritz-Carlton. I was in there once — that's a different story — not to stay, but it's a nice hotel, I suppose, in the total scheme of things. Had I had the time I would have wandered down there to see whether they put slots in a place like that where perhaps you've got clientele who can afford to pay for them. It was a lounge-restaurant sort of scenario. It wasn't a separate room. I'm hard pressed



to believe, and all the assurances of the parliamentary assistant, Mr Flaherty, notwithstanding, we both know that at the end of the day this separate room stuff simply ain't going to happen that way.

Here's a place, a hotel that catered to families. It was a mid-range hotel. It wasn't a fleabag and it certainly wasn't the Ritz-Carlton. It was the sort of place where people, when they're travelling to any other city, in this case to Montreal, would take the kids. It was a sort of lounge-restaurant environment where one normally wouldn't be offended at seeing children. We're not talking about the beverage room at the Spadina Hotel, if that is even open any more. Did they close down the Spadina Hotel? Mr Kennedy might know. He's a Toronto person.

**Mr Gerard Kennedy (York South):** I'm not sure.

**Mr Kormos:** You're not sure? Okay. They closed down the Wheat Sheaf but reopened it, I'm told, recently. I had been in the Wheat Sheaf. The Wheat Sheaf was a neat, old-style beverage room. I'm glad it was reopened.

So I'm in the restaurant-lounge and I'm watching these people play the slots. These people weren't intoxicated; I'm convinced of that. They didn't display any signs of intoxication, of being drunk. They were younger people — and again, I'm not alleging or trying to indicate that it's scientific in any way. But I just couldn't for the life of me — I changed positions in case I was getting these slot players from the wrong angle. I'm changing seats. Maybe one side of their face is not as expressive as another side. Nothing.

1600

I did reflect on what we had done for three weeks but a few weeks prior to that. I don't buy it. People out there don't buy it either. Not for a minute. They simply don't believe any more. I think one of the worst exercises — look, I've got to concede something. The Tories have been pretty good at the spin doctoring of some of their issues. They screwed up big-time on Bill 26. It blew up bad — labour stuff, a horror show.

On this one, I should confess to you, I was worried because of this benign "video lottery terminal" stuff and the language, the thrust about funding charities. But you know what? As a result of those three weeks of hearings, nobody believes this government about the slots any more. Whatever polls might have been out there before the hearings would be dramatically different subsequent to the hearings.

I watched the newspaper coverage and, quite frankly, as we went about from town to town I thought it was quite fair. The fact is that folks don't buy into this. They know they're being had. They know they're being set up, in essence, for a sting. They know it. Take a look at some of the editorial cartoons you've seen about the issue. If it weren't so tragic in its consequences, they'd be funny.

But also look at how the Tories have refused to file one single amendment that in any way reflects the commentary of people appearing before the committee, especially the consumer protection issues, especially the commentary about concerns about the addictiveness, commentary about concerns about local optioning, commentary about the lack of representation on the board, on the commission, that would adequately repre-

sent all the interests, commentary on the inevitability of involvement of organized crime, how the suppliers of these machines have been linked to organized crime — that's what police reports say from eastern Canada — and how this kind of money historically and inevitably attracts organized crime.

Norm Sterling, Minister of Consumer and Commercial Relations, as he was then, acknowledged that there wasn't any meaningful cooperation with the Ministry of the Solicitor General, using these 20,000 grey or illegal slots as a rationale for this bill, the most dishonest, deceitful thing that could ever be done.

The fact is that there's no intention of cleaning up on the illegal grey, black market slots, no intention whatsoever. Quite frankly, that's a big industry already and one that I'm convinced has more than passing acquaintance with organized crime, as is the coin vending — the coin vending industry has gone through some difficult times. If you go back all the way to the days of pinballs — it's not difficult — one of the reasons why the coin industry has been so popular with organized crime is that you can launder money and you can get away without paying taxes on huge amounts of revenues. That's what a cash business is all about. The quarters just come in and, as I say, you can either load them up with money from ill-gotten gains and sanitize, launder money, or you can just not pay taxes on substantial revenues. We're talking millions and millions of bucks here.

Is there any response on the part of the Tories to the concerns about the inevitability of organized crime? No. The Liberals and the New Democrats produced and tabled, and you've got them there, a number of amendments which basically said — and again, I think the opposition members have been pretty consistent. We don't think the slots are the way to go. We've had a lot of serious discussion in that regard, and again, we've gone through the rationale.

The business of advertising or promoting the playing of video lotteries is one amendment that was produced.

Putting into the legislation the promise of the government for 2% of revenues to be dedicated to gambling addictions, be it research or treatment: Why, for the life of me, that wouldn't have been there to begin with, why that wouldn't have been a government amendment, beats the daylight out of me.

If there's one thing I've learned around here — it's remarkable. Here I am sitting on this committee and, believe it or not, even though I'm younger than everybody here except I guess one or two — it just shows you how volatile the Legislature can be. Strangely, peculiarly, I'm the senior person on the committee. Who would have ever thought? One of the things I've learned around here is that when you've got a government that's obliged — my concern is I'm not really sure who they're obliged to here.

Marshall Pollock, the progenitor — is "progenitor" the right word? Well, I've said it; I'll live with it — of the Ontario Lottery Corp now comes before this committee insisting that lottery schemes, including the slot business, should be done by the private sector, that government has no business running lottery schemes. A remarkable transformation.

I think there is a corruption that's already set in. There's a cancer that's been spawned. I'm not about to say I can pinpoint it or with any great confidence that I can track its course, but I'm convinced that the deal has been done. As I've said before, the kind of people that this government is dealing with don't take reneging on deals very kindly. I don't blame people. Why would anybody willingly want to get their legs broken, or what happened to Paul Newman, where his thumb is broken in the back of the pool hall? There's absolutely no reason. But I'm convinced, as I say, that the deal is done. As we've said so many times — sometimes lightheartedly; as often as not, not — the fix is in.

**1610**

You've got government backbenchers who know better, but they're afraid. They're literally afraid to speak out. They're literally afraid to stand up and say no to an ill-conceived scheme. They're afraid for the loss of a parliamentary assistantship. What's that: nine, 10, 11 grand a year? I understand that's not peanuts, but you'd compromise your principles for 11 or 12 grand a year? One would hope that the price would at least be a little higher. They're afraid.

This legislation is going to get to the House. We know that. I've sat here with Mr Crozier and Mr Kennedy and Mr Colle — Mr Curling was in last time we met — and watched the complete disdain and disregard the government has for the amendments being proposed, amendments which reflect the submissions made to the committee: complete disregard and indeed disdain. It's the same kind of disdain that a hooker has for her john, the attitude that this government has for people who make submissions. People who make submissions were here for their 15 or 20 minutes, and once the government's done with them, it wipes up, pulls its drawers back up and moves on to the next. It's all for show, no real interest in hearing what people had to say.

The government hasn't acceded to a single amendment made by either the Liberals or the New Democrats. The government has made it pretty damn clear that none of the amendments that are put forward which reflect the content of the submitters are going to be given any currency, are going to receive even the slightest bit of attention. This government's dug its heels in, but as far as I'm concerned, politically, it might as well have just dug its grave. It's been suggested to me, not unwisely, that that may be the best possible thing to do.

Eventually there will be a closure motion; there will be any number of things done to force this through. Eventually it's going to get to the Legislature. I'm looking forward to that debate in the Legislature, among other things because it will be televised. We've struggled with the handicap of being here in this room instead of the Amethyst Room, without any television coverage. I concede that for some members the presence of television cameras might make them more inclined to play to the cameras, so to speak, to want to appeal to the television audience, perhaps to engage in dilatory discourse, so I understand why maybe there might have been some motive in not having these hearings in the Amethyst Room. But there's going to be debate in the Legislature, and the people are going to be watching it. The old

legislative broadcast channel is going to be heating up on that one, I tell you.

I'm becoming inclined to say, why are the opposition doing this? Why were our staff, in cooperation with the submitters, working hard preparing amendments, some of them in English, some of them in French? Why, when none of those are going to receive any due consideration? The Tory hacks on the committee don't even debate them. They won't even put their position on record. Oh, it became late in the night when some people were getting cranky and people wanted to get on the record to take personal shots.

Do you know what's going to be interesting, Chair? It is going to be how the Tory back bench stands up in the Legislature to use their 30 minutes of speaking time to explain why they're supporting the bill, especially the bill as presented. There are going to be people mighty interested in hearing what they've got to say.

Part of me is very much inclined to say that's it, let's move on, let's get this into the Legislature. Quite frankly, if this gang, with their friends in the mob, are going to put slot machines out there in every corner of every neighbourhood — they're so restrained today it's remarkable. The House leaders met before today's meeting, and I note how restrained the Tory members are, I suppose for fear of kiboshing an agreement made between House leaders. I suspect some of them suspect that I could give a tinker's dam at the end of the day, if provoked, whether there was an agreement to get this thing rolling on, and they may suspect that.

I'm telling you, Chair, I am very much inclined to say no, let's let these clowns get these machines out there and then we'll start. This is sad. I feel so badly having to resort to that, to having to contemplate, knowing there will be victim after victim after victim after victim. Tsubouchi's going to have to take extended leaves of absence to avoid the questions in the House, and we all know he ain't that good on a speech. The other day Bruce Crozier from down London way —

**Mr Crozier:** Leamington.

**Mr Kormos:** I'm sorry, Windsor way, Leamington way, past London. Boy, did he have the minister in a veritable tizzy on the simple issue of negative option — Tsubouchi didn't have a briefing note. He got caught in flagrante something. He got caught. Tsubouchi's going, "Oh, that's federal." Dumb and dumber. Of course when it's dealing with the CRTC and cable television it's federal, but it's not federal when you're dealing with — Jeez, for two minutes a day what do they do? They show Tsubouchi those little instant clips on the cable television news where they give the little headline reports. He saw that some Liberals passed legislation against negative option billing of cable TV, those dumb packages they force on you. That's Ted Rogers and his crew, and boy, that's a debate I'd love to get into too. I see folks are nodding yes. Ted Rogers, but that's a different story.

**Mr Ron Johnson (Brantford):** He's a good New Democrat, isn't he?

**Mr Kormos:** That's Mr Rogers who's the New Democrat. Ted's the miserable moneymaker who could care less about community television as long as he's eliminated every TV antenna in the province of Ontario.



That's what it's all about. It's all about the privatization of the airwaves, and if you've ever read anything — you're old enough, Chair, because you were around in the evolution of television. I, quite frankly, was there too in the 1950s.

One of the remarkable things about television is that it was being marketed, it was being sold on the basis that it utilized public airwaves. That's what they talked about, public airways that nobody could monopolize. The concept of buying up the airways and monopolizing them was tantamount to owning a monopoly over the air or over water. We've already seen it done with water, and I'm sure we'll see it done in some respects with air.

1620

I'm interested in what the Liberal caucus has to say and I want to reflect on their comments as well. But I'm at the point where I'm inclined to say, the Tories want to wrap this up in committee? Good. Fine. Want it wrapped up? You'll get it wrapped. Because the minute you get this bill wrapped you've got to get it into the House, and then we're going to have public debate, people are going to be watching, and Tory backbenchers are going to be expected to stand up on their own two hind legs instead of all fours and tell people where they stand. I'm anxious for these guys and gals to justify their position.

Those are my comments on this amendment. I'm going to be voting for it. I'm going to be calling for a recorded vote. I'm interested in hearing what other members of the committee have to say.

**The Chair:** Thank you, Mr Kormos.

**Mr Kormos:** Here's Mr Murdoch, star of TVO, outspoken critic of the government —

**The Chair:** Mr Murdoch has provided us with some surveys that he's done.

**Mr Kormos:** — one of the few members with the brains and the gonads to speak up and speak out when speaking up and speaking out is called for and one of the few Tories to get himself re-elected, even if he really is a Reformer.

**The Chair:** Thank you, Mr Kormos. Mr Crozier.

**Mr Crozier:** I'll be relatively brief, but I want to bring some comments that Mr Kormos has made to the committee's attention because you may just have missed them. Reference was made once more to an 80-page, as Mr Kormos has put it, report on the concerns the enforcement people in the province of Ontario have with gaming in general and perhaps with VLTs in particular.

I think it would be beneficial to each of the members of the committee, not just one or two, if they had this information, and I think it would be important if we each had reference to it. What it is is the report by the Criminal Intelligence Service Ontario headed Gambling in Ontario: Current Enforcement Concerns, 1995, and I would ask that this committee request the clerk to obtain this report and provide it to each of us.

As Mr Kormos has said, if some of the members of this committee and others of the government caucus have heard concerns recently, it would be of benefit to all of us and to everybody on both sides of the floor if we were to contact the policing services division of the Ministry of the Solicitor General and Correctional Services, specifically the intelligence services section, and I'm sure each of us would want a copy of this report. You

wouldn't want any one of us to have it alone. I think it would be beneficial for all of us to have because you very well might find that this report contains some startling information.

We've heard from various sides of the issue when it comes to VLTs. We've heard from the entertainment-foodservice industry who feel they would benefit from VLTs. We've heard from racetracks. We've heard from charitable gaming. Some come on one side of it. The racetracks are in favour. We have charitable gaming on the other side who have great concerns about what VLTs might do. Then we've heard from that section who are concerned about the terrible addiction that might result from the introduction of these machines. But we haven't heard a great deal about the criminal element, those who are going to benefit perhaps even more than the government from the introduction of these machines.

Perhaps we could have the clerk get each of us a copy of the report of the Criminal Intelligence Service Ontario, CISO, Gambling in Ontario: Current Enforcement Concerns, 1995.

**The Chair:** Do you have a copy of it with you that we might copy?

**Mr Crozier:** I can provide you at this time with a copy of the head page from it.

**The Chair:** Okay. Is there any objection, on the assumption that this is a public document, to this being provided to all members of the committee?

**Mr Crozier:** I don't have the authority, frankly, to share the whole report, so that's why there's only one page at this time.

**The Chair:** If there's no disagreement on that, we will have the clerk request a copy of the report of the Criminal Intelligence Service Ontario, which I take it is a branch of the Solicitor General and not the Attorney General?

**Mr Crozier:** It's a branch of the Solicitor General under the policing services division.

**Mr Garry J. Guzzo (Ottawa-Rideau):** On a point of order, Mr Chair: It is an annual report, is it not?

**The Chair:** It says Gambling in Ontario: Current Enforcement Concerns, 1995. I doubt it very much. It looks like a one-time report.

**Mr Crozier:** It's a special report.

**Mr Guzzo:** There was one other one I'm aware of — well, it's probably too old now.

**The Chair:** Assuming, as I say, it's a public report we are requesting, we'll have the clerk request it.

**Mr Crozier:** If I might, there's a certain urgency to this because I think we're only going to be another day or two on clause-by-clause.

**Mr Guzzo:** That's what you told us a month ago.

**Mr Crozier:** I didn't tell you that. But there is a certain amount of urgency to this and I would request the clerk to treat it in that way.

**Mr Kennedy:** I just want to support Mr Crozier's request. The minister said at the beginning of these hearings — I'm sorry, the former minister, the late departed minister, indicated that he had not consulted any police forces or police authorities anywhere in the province to determine what the effects might be on either increases in criminal activity or in crime or in any of the deleterious effects that had been noted in other provinces.

I think it is extremely important that before we conclude our deliberation we have access to the official concerns of this coordinating group which, I understand, is headed up by the police chief in London but which functions as an arm of the OPP. As I indicated earlier, one of the conclusions of that group was that VLTs should not proceed because they're associated with increased criminal activity.

It was a further opinion of that group that the government's contention that somehow grey market machines would be eliminated is just simply misstated and inappropriate, because the RCMP in western Canada found that far from that, instead they increased the prospects for grey market machines, some of which are associated with the operations of organized crime, because they make it harder to detect those machines in an open environment that provides for VLTs on a widespread basis. I think this is a pretty important issue that was not very well elaborated in the course of our hearings and would make an impact on all the members of this committee.

The other question that is somewhat germane is our proposal to have the board expanded a little. My original motion was for a small expansion of the board, and the honourable Mr Kormos has amended that to make it larger. But part of that concern is to make sure there are people who bring other things to the table, and I think we have to be concerned too about the whole enterprise we're involved in today, because we understand that once again there's been a request for proposals made by this government, put out ahead of the conclusion of these hearings, for a consultant.

I see we have the parliamentary assistant here. Perhaps he could clarify, for the edification of the members, whether our time is spent on a bill that is still in discussion or whether the government is already proceeding on its implementation and precluding any conclusions being drawn by this committee on its amendments, on the amendments of the government side or amendments from the opposition side of the House. I think that goes right to the core of there being some cynicism expressed by one of the government members that these hearings were not worthwhile. The public out there certainly deserves to know whether these hearings are being held in earnest or, in actual fact, are being undermined by a ministry that's already proceeding with requests for proposals for consultants and preparing another one, we understand, for the system which would operate the VLTs in the first place. If indeed those RFPs are out there, this committee has a right to know. It affects our deliberations if it gives the sense — and I think the public probably would follow in their concern — that the government is not interested in the input from the groups who deputed at the hearings or in the considerations of the people of this committee who have committed some fair time to deliberation of this bill.

1630

I think that too would be a question which would be germane to our discussion of these amendments so that we know what direction we're headed in. I would invite the parliamentary assistant, if he possesses that information, to share it with the committee. I'd like to make that request even more specific. If the request for proposals

has been made, again it would be of benefit that this committee actually sees that request for proposals so that we see on what basis these actions of the government are being predicated. They don't have perhaps a legal basis yet, because this bill hasn't been passed, and I think it's incumbent on us to know exactly what kind of designs are being made by the government in the absence of the consideration of this committee and the approval of the Legislature.

On both of those things, we'd like to hear today, if possible, from Mr Flaherty: whether or not the RFP has been made, in as much detail as he can tell us about it, and then a commitment to put that RFP in front of us so we can have access to it before we make final decisions on the clause-by-clause hearings.

I do that in the spirit of cooperation which we would like to extend so that we can conclude these hearings, and do that in the interests of the wellbeing of the province. I hope Mr Flaherty will respond on that kind of basis.

**The Chair:** Mr Flaherty, there has been a question put to you as representing the ministry. I assume you still represent the Ministry of Consumer and Commercial Relations.

**Mr Jim Flaherty (Durham Centre):** So far.

**The Chair:** I don't know whether you can answer that question or whether you wish to answer it tomorrow.

**Mr Flaherty:** I'm advised that the Ontario Lottery Corp did put out an advertisement asking for expressions of interest from potential manufacturers of video lotteries, expressions of interest in the supply of video lotteries. No RFP has been issued.

**Mr Kennedy:** Could I, in a spirit of inquiry, just ask if you could check with the ministry? We understand that there has been an RFP for a different part of it, for a consultant to oversee the process; that it was let over a week ago by the ministry directly. I understand that there may be some time lag in informing the parliamentary assistant, and that may be natural, but it would be certainly helpful if some further inquiry could be made. We would otherwise have to confirm through our sources whether this has taken place, and I think it would behoove this committee if it was the ministry instead which was able to let us know what is actually taking place. I would certainly express interest in the invitation made by the lottery corporation and on what basis that was made for the actual machines.

**Mr Flaherty:** I'm told that there was an RFP from the Ministry of Economic Development, Trade and Tourism a couple of months ago — that one came up earlier in the hearings — looking for a consultant, and that further efforts were made in that regard recently with respect to hiring a consultant. So it's not something that's new.

**Mr Kennedy:** Are we in a position to receive the terms of reference from that RFP that I understand was re-let again? It was first withdrawn and then brought back approximately a week ago. Can this committee have access to that information?

**Mr Flaherty:** There was no formal RFP last week.

**Mr Kennedy:** Are there terms of reference for the consultant?

**Mr Flaherty:** There was some sort of description of the task.



**Mr Kennedy:** Mr Chair, I don't wish to take up more of the committee's time, but it would be helpful to see on what basis the ministry is proceeding, in the absence of the direction of this committee. Any formal documentation that goes germane, you may agree, to the part of the bill we're considering right now, that is, which governance is needed for the new corporation — the ministry is giving away the ability to control this in future. As we see in other sections of the bill, very wide powers are being let from the ministry, indeed from the Legislature, and I think it would be very, very important to know in what spirit the government is proceeding here.

Any documentation concerning the hiring of a consultant to implement this bill, as I understand the wording of that, is something that should be shared with the whole committee, and I would hope that would be possible.

**Mr Flaherty:** This legislation, as has been said repeatedly, is not the implementation legislation. This is the framework. This has been said throughout the month of August at our hearings. There are all kinds of implementation issues: What's a charity and what's not a charity? How many charity gaming halls should there be? Where should they be located? Who should be permitted to share in the proceeds? There are all kinds of questions like that that are not answered in this legislation, nor will they be answered in this legislation, which is Bill 75, the framework legislation.

Questions about implementation can be asked here, I suppose, because everyone has the right to bring up that which they want to bring up, but quite frankly, they're not relevant, because this legislation doesn't deal with the implementation of the system.

**Mr Kennedy:** I just wish to point out to Mr Flaherty that earlier we were told from the government side that there was no RFP, that there was no consultant. Now we're told that there is a consultant and that it's not relevant because it has to do with the implementation. Well, we still have a bill in front of us here that doesn't permit implementation until it's passed.

It's important that we know, as members of this committee, whether or not the subsequent discussions here are being made irrelevant by the ministry because it's already hired a consultant to implement things. That has direct bearing on what we're discussing here today. It is incumbent on the government, if it wishes to be taken in good faith, having once denied that there was an RFP and now having admitted today that there is, that we see the details of that. I don't wish to take up more of the time because we've many more amendments to discuss in the clause-by-clause, but I do think this is germane, and is not something the government would wish to deliberately avoid disclosure of.

**The Chair:** I'm sorry, Mr Kennedy. I can't agree with your submission. The question as to whether there was an implementation prior to the bill being passed and prior to this committee considering it certainly was relevant; I permitted that, and you obtained an answer. The specifics of what took place I don't think are relevant to this bill. You certainly can argue, however, whatever you wish to argue, that there was some initiation of implementation before this bill being considered by this committee. That's a matter of argument.

**Mr Kennedy:** If that is the full degree to which the government is prepared to cooperate, I think the detail is general in the sense it would let us know to what degree the implementation has taken place. But, Mr Chair, I thank you for the opportunity of establishing that indeed implementation measures have taken place by the government ahead of the conclusion of this discussion.

**The Chair:** We are dealing with Mr Kormos's motion, which is 1b on your amendments. That is an amendment to subsection 2(3) of the schedule. Are there any further questions or commentary? If not, I'll put the question.

**Mr Kormos:** Recorded vote, please.

**The Chair:** A recorded vote is requested. Shall that amendment pass?

#### Ayes

Crozier, Kennedy Kormos.

#### Nays

Bassett, Flaherty, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The amendment is defeated.

1640

We are still dealing with subsection 2(3) of the schedule. Are you in a position to make an amendment to that section, Mr Crozier?

**Mr Crozier:** Yes. Need it be read into the record?

**The Chair:** Yes, it must be.

**Mr Crozier:** I move that subsection 2(3) of the schedule to the bill be amended by adding at the end "giving consideration to a broad cross-section of the community; including seniors, disabled people, francophone Ontarians, visible minorities, aboriginal and native Canadians, labour and management groups."

**The Chair:** Any comment or debate in regard to the motion made by Mr Crozier?

**Mr Crozier:** I should at least speak to my own motion, I guess. What we want to do is make sure, because of the wide range of social issues a bill such as this involves, that we give every segment of the community the opportunity to have input. We think it's of such importance that we have outlined — and not to eliminate anyone else; in fact, the government may, in its wisdom, see other groups that should be added to this. But we should give the opportunity for a very wide cross-section of the community to be part of the implementation of this bill, should it pass.

Seniors, of course, have a stake in this. In fact, if anybody watched the National last night, they talked of the future of the country and the fact that seniors 20 or 30 years ago were considered part of the poorer section of our economy and now we've made social advances, advances in safety nets that have certainly not eliminated that but have decreased the number of seniors who are dependent on the rest of society. Seniors have a lot of experience in this area, a lot of experience when it comes to those things that affect society. They've seen it over the years; they've been part of forming the society we have today.

Disabled people: I'm concerned that more and more disabled people are being disfranchised, being left out of

the system, certainly in the area of the funding of charities. On occasion those who are disabled are able to benefit from the activities of those agencies. Just this past weekend we had a most successful apple festival in Ruthven, in Gosfield South, and it was the Association for Community Living that was going to benefit to a great extent from those activities. Therefore, I think the disabled in our community should have a voice in a piece of legislation that's as far-reaching as the one that's before us.

Francophone Ontarians also form an important segment of our society and should be able to sit on the governing body that would be involved with this legislation.

Then, just so we wouldn't miss anyone, I suggest that visible minorities oftentimes don't have anyone to speak for them, and therefore, when it comes to gaming legislation, when it comes to alcohol legislation and the combination of these two commissions into one, should be involved.

Aboriginal and native Canadians: With the great concern there has been about the establishment of casinos in the province of Ontario and the part that aboriginal and native Canadians have played in establishing casinos in Ontario, we can see why they should have a role to play in this as well.

Labour and management groups — it goes without saying. Practically every part of this bill, the legislation and the regulations that this legislation enables, will involve labour and management at some point, be it in casinos, in the area of liquor licensing, liquor sales. We want labour and management to work together to see that whatever it is we do in the province of Ontario is to the benefit of all of us, and therefore I think it would be certainly beneficial if labour and management groups had a role to play as well.

**The Chair:** Is there any further comment or discussion in regard to the proposed amendment? If not, I'll call the question. Shall the amendment carry?

**Mr Kormos:** Recorded vote.

**Ayes**

Crozier, Kennedy, Kormos.

**Nays**

Bassett, Flaherty, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The motion is defeated.

We are proceeding to what you would have as page 1b-ii. This is Mr Kormos's proposed motion. Would you like to read that into the record, Mr Kormos?

**M. Kormos :** Je propose que le paragraphe 2(5) de l'annexe soit supprimé et remplacé par le texte suivant :

«Quorum

«(5) Deux tiers des membres constituent le quorum aux réunions du conseil et peut exercer les pouvoirs de celui-ci.»

As you know, Chair, that's self-explanatory.

**The Chair:** You graduated from the Diefenbaker school of French, I believe.

**Mr Kormos:** I try, Chair.

**The Chair:** You do better than I do, I'm sure.

**Mr Kormos:** I suspect I did.

**The Chair:** Do we have any debate or questions, either in English or in French, in regard to the motion? If not, I'll call the question.

**Mr Kormos:** Recorded vote, please.

**The Chair:** A recorded vote is requested. The third-party amendment, shall it carry?

**Ayes**

Crozier, Kennedy, Kormos.

**Nays**

Bassett, Flaherty, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The motion is defeated.

Mr Kormos, you have 1b-iii.

**M. Kormos :** Je propose que les mots «peut en désigner un ou plusieurs autres à la vice-présidence» au paragraphe 2(6) de l'annexe soient remplacés par les mots suivants :

«peut en désigner au plus deux autres à la vice-présidence.»

These things become, increasingly so with this government, gravy trains for Tory hacks. These roles of chair and vice-chair are inevitably very lucrative, will be here. Quite frankly, one questions the need for unlimited numbers. I think this provides a meaningful restriction on the number of people who'll be occupying roles of vice-chair.

1650

**The Chair:** Is there any further discussion in regard to the proposed amendment? If not —

**Mr Kormos:** Recorded vote.

**The Chair:** All those in favour of the amendment?

**Ayes**

Crozier, Kennedy, Kormos.

**Nays**

Bassett, Flaherty, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The motion is defeated.

Shall section 2 of the schedule, as amended, carry? Any discussion? All those in favour?

**Mr Kormos:** Recorded vote.

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** There are no amendments proposed in regard to section 3 to section 17, inclusive, of the schedule. Yes, Mr Kennedy?

**Mr Kennedy:** I have a motion to propose at subsection 3(3). I'll just read it out.

**The Chair:** Could you please pay attention, members? This is an amendment which was not filed, so you do not



have it on hand. I'd like everyone to hear it. Mr Kennedy, please move your amendment.

**Mr Kennedy:** The amendment is to add a new clause 3(3a) which will read:

"The minister will hold public consultations with respect to the licensing, inspection, enforcement and disciplinary capacities and processes and other potential functions of the Alcohol and Gaming Commission, including the setting of the maximum amount of time it should take to process liquor and gaming applications, hold licence hearings and respond to community complaints."

What we have here is an opportunity for the members of this committee to build some confidence, which currently is probably quite low, around this initiative. When we talk about general powers, and in the sense that we want give the commission the direction that it exercise its powers and duties in the public interest and in accordance with the principles of honesty and integrity, we should make sure we're giving the provision of the powers there some specific expression.

We're asking that there be public consultations before those powers are passed on and, further, would recommend that those consultations help us define what those principles mean in the instance of this act; in the amendment, at least that we undertake the public consultation so that we know what the functions of this new body will be before they're simply assigned by the minister. I think there is some great concern that this commission could be a device by which certain activities could be privatized. If we're taking powers away from the Legislature, we should at least give the public some ability for input on the minister's decisions before the decisions are finally made.

There is a great deal of apprehension out there about: What exactly will this new body do? Will it actually look after the public interest or will it simply become a closed-door means of looking into liquor and gambling? That is what a lot of people are wondering out there: Is this going to be some arm's-length device by which the government gives away its responsibility?

With the concern about that, particularly some of the functional concerns that people who have to deal with the pre-existing agency have, they wish to have the input. The department of public health in Toronto and the Ontario Public Health Association both recommend that this clause be added in the interest of the public. We believe it's something that would add to accountability inherent in the bill, which is conspicuously absent in a number of places. When we look at the preceding subsection 3(3), it says something which I think many people observing this government think should be defined. What does this government in particular mean by "honesty, integrity and social responsibility"?

We would wish at least to make sure that around this broad provision of powers you're giving out in section 2 there be public consultations, that we find out the input of the public, that the minister be required to hold those consultations. There is no ability under this bill right now for anything further to be decided in a public forum; instead, we have actions taking place by regulations and order in council and no access at all to the public on the

details of this commission, which could have a tremendous impact on the quality of life in their communities.

That's the intent of this new clause, and we would invite the members opposite and the New Democratic caucus to see it in that sense, as an improvement on the accountability for this new organization.

**The Chair:** May I suggest that we have that matter set down and we can deal with a short matter and come back to it. There are copies being made for us.

**Mr Kennedy:** Mr Chair, there's an earlier amendment that goes with this that I neglected to put forward. Could I have your indulgence to do that? It's an amendment to subsection 3(3). What I just gave you was subsection 3(3a), which is new. There's also an amendment for subsection 3(3) that I'd like to put forward, if possible.

**The Chair:** Is that in writing?

**Mr Kennedy:** Yes, we have it in writing.

**The Chair:** It would still seem that we're going to have to make copies of this amendment now.

**Mr Kennedy:** I apologize, Mr Chair, for getting out of sequence.

**The Chair:** You might as well read it in.

**Mr Kennedy:** The amendment I'm proposing to subsection 3(3) is that the words be added, "the primary public interest" —

**The Chair:** Excuse me, Mr Kennedy, are they connected, these two amendments?

**Mr Kennedy:** One follows the other.

**The Chair:** Perhaps we'd better deal with the one that's before us.

We now have copies of Mr Kennedy's amendment, on page 1b-iv. It is an amendment adding a new subsection 3(3a) to the schedule. We're dealing with that matter. Is there further discussion, now that you have the written amendment before you? Is there anything you wish to add, Mr Kennedy?

**Mr Kennedy:** No, I'll leave my explanatory comments at that.

1700

**The Chair:** Is there further discussion in regard to Mr Kennedy's proposed amendment? If not, I would call the question. Shall the amendment carry?

**Mr Kennedy:** Recorded vote.

#### Ayes

Crozier, Kennedy, Kormos.

#### Nays

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Rollins.

**The Chair:** That amendment is defeated.

**Mr Kennedy:** I have another amendment to move on subsection 3(3), that we add within the section the words, "The primary public interest with respect to alcohol and gaming is to manage sales in the province in such a way to reduce and hold to a minimum all harms to health, safety, work and family life as a consequence of consuming alcoholic beverages or engaging in gambling." That would be an amendment to subsection 3(3).

**The Chair:** Is it your wish that we set it down until we have it in writing in front of us and then we can come back to it?

**Mr Kormos:** On a point of order, Chair: I suspect that on consent we can dispense with the —

**The Chair:** On consent only, unanimous consent. We're just setting it down for about five minutes. Do we have unanimous consent to set it down?

**Mr Kormos:** No, to deal with it without having to file a written amendment.

**The Chair:** He can deal with it, Mr Kormos, but I won't be able to understand it, nor will other members of the committee.

**Mr Kormos:** We should have all read it in the submissions, in the Tabuns report.

**The Chair:** Okay, we're not going to save that much time. Mr Kennedy, would you proceed and give us your comments in that regard? It's difficult, because I have no idea what your amendment is.

**Mr Kennedy:** The amendment is relatively straightforward, but it does request this committee to be specific, to tell the new body what its public purpose is. Rather than use the very broad terms "honesty and integrity, and social responsibility," which are laudable in and of themselves but look starkly out of place in this bill, we believe there is a requirement here to ensure that the public interest is not avoided by the elected members of the Legislature; that instead, as we give away, as this bill proposes, tremendous power to an unelected body to look after liquor and gambling in this province, we at least prescribe to it what we would like it to conduct itself in accordance with.

The wording, which is proposed by some of the deputants we heard in the hearings, is one that hopefully could readily be endorsed by the members of this committee. It outlines the public interest as one of making sure that we're not just trying to maximize sales or simply trying to make the government the most money, which the late, departed minister agreed at the beginning of these hearings was in actual fact the primary reason Bill 75 was being moved forward at this time, but rather that we pull back from that rather dangerous singular objective and put forward instead some guideline so that this agency which is about to be formed and take over a tremendous amount of what should have been elected legislative accountability at least have the very strong direction of the Legislature in terms of what its outcome is supposed to be.

The wording you now have in front of you indicates guidelines I hope this government would not disagree with. I hope this government would not find it inappropriate to ask this body to manage the sales of liquor and gambling in such a way that it reduces and holds to a minimum all the harms they can cause — and this government, through the course of the testimony, has at least agreed there will be some harms; this does not presuppose any particular view about the degree of harm that can be forthcoming; that those "harms to health, safety, work and family life" should be the focus of this new commission; that we make sure that's what it's looking after and not simply "honesty and integrity, and social responsibility," which this government declines to define into any practical form.

We would wish that the government look at these particular measures as ways of improving the bill, particularly the accountability in the bill. The label on the

bill says "the public interest." If that public interest is really to be understood and accepted, it will be necessary to define it, to make it real, to make it something the public can indeed hold us accountable for. For that reason, I am putting forward this amendment to give focus to this commission in its responsibilities, and ask that it be added to subsection 3(3).

**The Chair:** Is there any further discussion with regard to the proposed amendment put forth by Mr Kennedy? If not, I will call the question.

**Mr Kennedy:** A recorded vote.

**Mr Kormos:** Same vote.

**The Chair:** I don't know whether it will be. We don't know exactly what will happen on the government side, Mr Kormos. It may or may not be.

**Mr Kormos:** If I may, Chair, could the Hansard record show, "Kormos: Laughter, loud laughter, prolonged laughter," in response to the Chair's last comment?

**The Chair:** Shall the amendment carry?

**Ayes**

Crozier, Kennedy, Kormos.

**Nays**

Bassett, Flaherty, Guzzo, Ron Johnson, Leadston, Rollins.

**The Chair:** The amendment is defeated.

Shall sections 3 to 17 of the schedule pass?

**Mr Kennedy:** I have an amendment.

**The Chair:** To what?

**Mr Kennedy:** Subsection 6(1).

**The Chair:** Sorry. Let's deal with section 3 then. Let's make it simple.

Shall section 3 pass?

**Mr Kormos:** The same vote reversed.

**Mr Kennedy:** Recorded vote.

**The Chair:** They are requesting a recorded vote and they're entitled to it.

**Ayes**

Bassett, Flaherty, Guzzo, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** Section 3 passes.

Shall sections 4 and 5 pass?

**Ayes**

Bassett, Flaherty, Guzzo, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** Sections 4 and 5 are carried.

We are now dealing with section 6 of the schedule.

**Mr Kennedy:** I'd like to propose an amendment to subsection 6(1): "There shall be a registrar of alcohol and a registrar of gaming for the purposes of the act, the Liquor Licence Act and the Gaming Control Act, 1992 and the regulations made under them."



1710

**The Chair:** That's a new amendment.

**Mr Kennedy:** It's being prepared now.

**The Chair:** Do you want to stand it down? Do I have unanimous consent to stand section 6 and the proposed amendment down so that we can proceed with other portions of the act? No objection? It is stood down.

We are now dealing with sections 7 to 17 of the schedule. There are no proposed amendments, are there, Mr Kennedy? Are there any questions or discussions in regard to sections 7 to 17, inclusive, of the schedule? That does not include section 6 of the schedule, which we previously set down by unanimous consent and will come back to. If there are no questions or further discussion, I'd put the question: All those in favour of passing of sections 7 to 17 inclusive of the schedule?

**Mr Kormos:** Recorded vote.

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** The section's carried. We are now going back to section 6.

**Interjection:** It's not here yet.

**The Chair:** It's on its way. Well, it's stood down. Let's deal with section 2. There are no amendments I know of to section 2 of the bill. We're on the bill now, not the schedule. We'll have to come back to the schedule. Is there any discussion, questions or comments in regard to section 2 of the bill? If there are none, I would put the question.

**Mr Kormos:** Recorded vote, please.

**The Chair:** Shall section 2 of the bill carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** Section 2 carries.

We have the first amendment by the government, to subsection 3(6) of the bill.

**Mr Flaherty:** I move that subsections 15(1.1) and (1.2) of the Liquor Licence Act, as set out in subsection 3(6) of the bill, be struck out and the following substituted:

"Revocation, suspension re Ontario Lottery Corporation Act

"(1.1) A member or employee of the board may direct that a proposal be issued to revoke or suspend a licence to sell liquor where the licensee or a person acting on the licensee's behalf contravenes or is convicted of contravening subsection 8.1(2) of the Ontario Lottery Corporation Act.

"No gaming on licensed premises after suspension

"(1.2) Where a licence to sell liquor is suspended under subsection (1.1), the licensee whose licence has

been suspended shall not permit gaming to take place on the licensed premises during the period of the suspension."

**The Chair:** Are there any questions or comments in regard to the proposed amendment? If not, shall the amendment carry?

**Mr Kormos:** Recorded vote.

**The Chair:** A recorded vote is requested. Unless there is a request otherwise, we will have a recorded vote for all the sections.

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Kormos, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** The amendment carries.

Mr Flaherty, you have an amendment to subsection 3(6.1).

**Mr Flaherty:** I move that section 3 of the bill be amended by adding the following subsection:

"(6.1) Subsection 17(1) of the act is amended by adding at the end 'unless a proposal to revoke or suspend the licence has been issued.'"

**The Chair:** Are there any questions or comments in regard to the proposed amendment moved by Mr Flaherty?

**Mr Kennedy:** Could I ask Mr Flaherty to explain his amendment.

**Mr Flaherty:** This is the "salting the earth" section. The concern has been that some owners of licensed premises and licensees, when challenged because of their inappropriate conduct, have gone about the business of transferring their licence before any sort of hearing would take place so they could thereby defeat the purpose of the section. The idea is that this subterfuge, this attempt to defeat the purpose of the section would be defeated by this amendment.

**The Chair:** Are there any further questions or comments in regard to the proposed amendment? If not, I'll put the question. Shall the amendment carry?

**Ayes**

Bassett, Crozier, Flaherty, Guzzo, Hudak, Ron Johnson, Kennedy, Kormos, Leadston, Rollins.

**The Chair:** All those against the amendment?

**Mr Kormos:** My God, Chair, it was unanimous.

**The Chair:** We have, I understand, a new government motion on page 3a.

**Mr Flaherty:** I provided Mr Kormos and Mr Crozier with copies just before we began today.

I move that subsection 3(12) of the bill be struck out and the following substituted:

"(12) Sections 25 and 26 of the act are repealed.

"(12.1) Subsection 38(7) of the act is amended by striking out 'the provisions of section 23' in the second and third lines and substituting 'the provisions of section 10 of the Alcohol and Gaming Regulation and Public Protection Act, 1996 and of subsections 23(5), (11) and (12).'

"(12.2) Section 50 of the act is repealed."

1720

**The Chair:** Are there any questions or comments in regard to the amendment proposed to subsection (12) of section 3 of the bill? Is that correct, Mr Flaherty?

**Mr Flaherty:** I gather in the language of current legislative drafting it's subsection 3(12).

**The Chair:** Are there any comments or questions before I put the question? If not, shall the amendment carry?

#### Ayes

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

#### Nays

Crozier, Kennedy, Kormos.

**The Chair:** Unless there's unanimous consent, we must continue to the end of the bill. I would prefer and I suggest that you give me unanimous consent to permit Mr Kennedy to put forth his amendment so we can get rid of the schedule. Agreed? Thank you.

**Mr Kennedy:** I have an amendment that requires that there be two different registrars to the administration of the act. This again comes to making this a functional act before we give away the powers proposed here. When I look at that small amendment in terms of what we're asking for, the requirement here I think is reasonable because it addresses one of the many areas where we don't have adequate control as this leaves the Legislature.

Some of you may remember the testimony that came from a professor at Osgoode Hall, Alan Young, who suggests that the bill as a whole will be subject to legal challenge simply because the bill doesn't provide for what the Criminal Code asks for. The Criminal Code says the only gambling schemes you can have is when the government of the province undertakes to manage and conduct the video lottery scheme, in this case. We have nothing in the bill that talks to how any of this would function, and having a registrar for gambling and one for liquor is one way of trying to make it more functional.

We have told the public nothing about who will oversee the management of the VLTs, who will purchase the machines, who will service them, all these things which people have called implementation but which may well, according to Professor Alan Young from Osgoode Hall, who specializes in this field of law, invalidate this legislation. We don't have the criteria for choosing locations, we don't have who will approve the choice of games or machines. In other words, we and you on the government side, reflecting the provincial government, are not operating and managing because we are leaving that subject to regulation or subject to the operation of what could be still, under this bill, a private concern. If it were a private concern, we would find ourselves in some significant difficulty in terms of what this says. So the amendment being proposed is one of what could be several that would help to provide at least some direction for the operation of the VLTs.

The government has promised at various times to have a cap on video lottery terminals in Ontario, on electronic slot machines, and other jurisdictions that have said the same thing have at least put that in legislation. They've

done that in Alberta, they did that in Manitoba, they did that in Nova Scotia, and we've not done that here. We haven't talked about a cap on the number of VLTs per establishment like they have in Quebec, yet this government wants to be seen as being moderate in terms of being able to bring this into the province without causing the massive social dislocation and damage that takes place elsewhere.

We talk about also the need to have this happen responsibly, as we've heard more than once, on many, many occasions, in fact, from the government side, and we see that there is no provision in this bill to address the concerns that would make it responsible and accountable. We don't know how many legal VLTs are permitted. They should be under licence so that there is some control.

The report that Mr Crozier referred to earlier talked about the police concerns. I'm sure that when we have that report we'll learn that one of their concerns is that you have grey market machines operating right beside the legal machines. There is no functional way to make sure that people don't do that unless you provide for that in the law by having it on the actual licence in the establishment.

Some of these things can follow from having at least separate registrars and some follow-on amendments in this section. I want to address them as a whole so the government can understand that we're letting this go out the door without any direction at all that we make this functional.

I return to the point that if we don't make it at least functional to the point of a certain test, we will not be able to have confidence that we're in conformance with the Criminal Code, with the requirements it sets out which make gambling — which after all is an illegal activity in this country, with the exception of when it's conducted and managed by the government of the province, and there are many, many parts of this that we are simply not addressing at all. They have been in the press releases from the ministry, but they are not in the legislation. If they're not going to be in the legislation, we're just simply letting the gambling expansion monster out the door with no leash, with no requirements at all in terms of how it can act.

The bringing together of the alcohol — well, liquor really. As we looked at the definitions, the government changed the proper word from "liquor" to "alcohol" simply to give it a softer turn of phrase, but this is really about liquor and gambling. Those two particular activities are going to be conducted by the same registrar, which shows a certain lack of seriousness on the government's part to actually control them.

This amendment to 6(1) asks that there be a registrar for alcohol and a separate registrar for gaming, and I would again invite the government's support so that we may have at least some opportunity to show to the public that there is an effort by the government of the province to actually control and manage the video lottery scheme that this bill simply right now "enables," in the parlance of the parliamentary secretary. We're indeed enabling, but we're not taking any responsibility for what happens once we put in place the VLTs. I think for that reason in particular there needs to be a separation between the



registrar of alcohol and the registrar of gaming and would invite support for the same.

**Mr Kormos:** Very briefly, I'm loath to support the amendment because, quite frankly, at the end of the day, I'd love to see the scheme successfully challenged. However, having said that, I have three choices. I can vote against it; that would perhaps leave the wrong impression on the record. I can absent myself from the room; I'm not inclined to do that.

I think it's important that the record show that this committee's attention was specifically drawn to the failure of this bill and the structure, as we've been aware of it to date, to comply with the very strict provisions of the Criminal Code so that when a challenge is brought to the scheme in the courts. Knowing — you'd know more about this than I do — that from time to time courts have become more inclined to use parliamentary debate for background when they're doing statutory interpretation, I'm going to support this. I think it makes quite clear — I'm emphasizing now that it was brought to this committee's attention very specifically — that this legislative scheme is extremely flawed, invites the challenge of the criminality of it. I appreciate the amendment, and my support for it I hope at some point will reinforce an argument in the courts that the scheme is in violation of the Criminal Code and that this committee was well aware of it at the outset.

**The Chair:** Any further comment or question in regard to the amendment put forth by Mr Kennedy and shown on 1b-vi? If there is no other comment, all those in favour of the amendment?

**Ayes**

Crozier, Kennedy, Kormos.

**Nays**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The amendment is defeated.

Shall section 6 carry? All those in favour? All those against?

**Mr Kennedy:** Mr Chairman —

**The Chair:** I called the question, Mr Kennedy.

**Mr Kennedy:** I tried to get your attention, Mr Chair, for just a few comments.

**The Chair:** Do we have unanimous consent? I didn't notice that Mr Kennedy wished to debate the section. Thank you. Mr Kennedy, please proceed. We're discussing section 6.

**Mr Kennedy:** In regard to what we're permitting in section 6, in letting that go, we're letting go our last opportunity to be able to put forward some of the restrictions for VLTs. I just want the government side to note, as we enable this particular schedule to go forward completely — and I believe this is the last part of it to be done — that this new commission then has powers that will be completely unchecked in terms of what it can do. I just want that to be noted.

1730

**The Chair:** Is there any further comment? If not, shall section 6 carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** Section 6 carries.

Shall the schedule to the act, as amended, carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** The schedule carries.

We have had three amendments to section 3. We're dealing with the bill now, not the schedule. The schedule has been passed. Shall section 3, as amended by the three government amendments, carry? Is there any discussion or comment in regard to that motion?

**Mr Kennedy:** To be clear, it's section 3, the Liquor Licence Act, is that correct?

**The Chair:** Yes. There's no comment? Shall section 3, as amended, carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** The section carries.

We are now moving to section 4. There is one government amendment.

**Mr Flaherty:** I move that subsection 4(9) of the bill be struck out and the following substituted:

"(9) Subsection 4(1.2) of the act, as enacted by Statutes of Ontario, 1993, chapter 25, section 31, is repealed and the following substituted:

"Trade union

"(1.2) In addition to any provision of the Labour Relations Act, 1995, no trade union within the meaning of that act shall represent persons employed in gaming premises unless the trade union and such of its officers, officials and agents as are prescribed by the regulations are registered as suppliers."

**Mr Kormos:** You'll correct me if I'm wrong, but it's been pointed out to me that this moves this beyond mere casino, into the broader realm of gaming premises. Quite frankly, that's a little troublesome, because gaming premises are going to be any number of places. Clearly, we're not just talking about that square footage we've been told is going to contain the gaming machines. This is one of the faults or one of the flaws with your merger of the Liquor Licence Board and the gaming commission, because what that means is that bartenders in a place that is a gaming premise are going to be restricted in their choice of bargaining agents to trade unions that are

similarly falling within this definition. I think this illustrates the inherent flaw and I'm opposed to this.

**Mr Flaherty:** If I may speak to that for a moment, the purpose of the section is so that the provision that applies to casinos that exists under the law of Ontario will also apply to gaming premises. Gaming premises are defined in the legislation as "a place which is kept for the purpose of playing games of chance." The purpose of course is to try to ensure that criminal elements are excluded from gaming premises and casinos.

**The Chair:** Are there any further questions or comments or discussion in regard to Mr Flaherty's proposed amendment to subsection 4(9)? If not, shall the amendment carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** Shall section 4, as amended, carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Rollins.

**Nays**

Crozier, Kennedy, Kormos.

**The Chair:** There are no proposed amendments to section 5. Is there any discussion or questions? If not, shall section 5 carry?

**Ayes**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Rollins.

**Nays**

Crozier, Kormos.

**The Chair:** Section 5 carries.

We have a number of amendments to section 6.

**Mr Crozier:** I move that subsection 8(1) of the Ontario Lottery Corporation Act, as set out in subsection 6(2) of the bill, be amended by adding the following clauses:

"(c.1) prescribing the questions that may be submitted to a vote under subsection 8(3);

"(c.2) respecting the conduct of a vote held under subsection 8(3)."

**The Chair:** Are there any comments or questions in regard to the amendment to subsection 6(2) of the bill? If there are not, I'll put the question. Shall the amendment carry?

**Ayes**

Crozier, Kormos.

**Nays**

Bassett, Flaherty, Guzzo, Hudak, Ron Johnson, Leadston, Rollins.

**The Chair:** The amendment is defeated.

1740

**Mr Crozier:** I move that section 8 of the Ontario Lottery Corporation Act, as set out in subsection 6(2) of the bill, be amended by adding the following subsection:

"Prohibition

"(3) No video lottery scheme shall operate on or through video lottery terminals located in a bar or restaurant."

Throughout the hearings, again referring to those areas that were in favour of the bill without question — there were areas that were opposed to the bill, some of them on moral issues, some because of the effect it might have on charitable gaming. Then there were those, a considerable representation, although I think they all basically had the same submission, for the placing of video lottery terminals in bars or restaurants.

This is the one area that, if this motion is not accepted, if this prohibition is not accepted, will certainly open the door and unleash the vicious part of video lottery terminals. To think that you'll be able to literally, I suppose, go to any local bar or restaurant and play video lottery machines is something that I don't want to see, and I'm sure my caucus doesn't want to see, in the province of Ontario.

Up to this point, we have been able to introduce gaming in the province in a relatively orderly fashion. Certainly we've been able to introduce gaming in a fashion that could be controlled. We set up particular environments where, if you wanted to gamble, you could go. For many years, of course, we've had racetracks. That's been an acceptable social atmosphere in which to enjoy racing and/or, as some would put it, the entertainment of gambling. We then moved to the introduction of permanent casinos as well as temporary casinos in the province. Although this certainly wasn't done with the approval of the public in general, the government of the day decided that casinos could be introduced to the province of Ontario; for example, Casino Windsor. It's a controlled environment in which the intent of most people who attend there is to gamble. Since then there have been several other casinos opened in the province of Ontario.

It's when you start to move beyond the controlled environment that I start to have particular concern. I think of rural Ontario. We just received some information today from Bill Murdoch, the MPP for Grey-Owen Sound, who held two days of hearings in Owen Sound and Hanover on the Alcohol, Gaming and Charity Funding Public Interest Act. As Mr Murdoch said in a letter addressed to the clerk of the committee:

"The submissions were received during two public hearings held in Owen Sound and Hanover September 9 and 10, 1996. As the administration of justice committee was not scheduled to travel to my riding, I took the liberty of holding my own public hearings to stimulate feedback from the community on the bill. The response was overwhelmingly negative.

"As the committee begins clause-by-clause review, I would appreciate it if all due consideration would be given to the enclosed. Thank you.

"Sincerely,

"Bill Murdoch, MPP, Grey-Owen Sound."



I think that speaks to what we're trying to say here. Every bar or restaurant or licensed establishment in the province goes into every community, and although there may be some of us who prefer not to see them in any community, certainly we should take some step to limit them.

Twenty thousand video lottery terminals is what has been suggested that may be the number in the province. We know that to be viable, that means they are not likely to go into every restaurant and bar, but certainly the pressure is going to be there. If 20,000 video lottery terminals will service only 1,000 bars and restaurants, there will be pressure from the other 15,000 licensed establishments in this province, if they're proven to be the magic little machine that some would believe they are. If those are as successful as some suggest, there will be all kinds of pressure to spread more and more of these video lottery terminals throughout the province of Ontario.

It's been suggested by some, of course, that by having these VLTs in licensed restaurants and bars, it's somehow going to eliminate the illegal ones. In fact, I was talking to Sergeant Moodie today, and I used the term "grey machines." He corrected me. He said: "There are no grey machines. They're either legal or they're illegal. There's no grey area when it comes to this."

**Mr Guzzo:** But he confirmed that they exist. Last month you were having trouble finding them.

**Mr Crozier:** I still haven't been introduced to one, although I did comment that you seem to know the location of a number of them. I think if I did know where there was an illegal one, I'd report it to the police.

I don't want to see these machines spread to all corners of the province. If they're going to be introduced, I want to see them introduced in an orderly fashion in a controlled area. If any of the representations we heard across the province in our public hearings are to be considered representative of the view at large, I agree with what most recently has come in from Grey-Owen Sound, that "The response was overwhelmingly negative."

I don't think Essex South is any different than any other small urban or rural area of the province.

**Mr Flaherty:** It must be. There are no grey machines there.

**Mr Crozier:** As a matter of fact, Mr Flaherty, there were grey machines there. When I was mayor, I was aware of illegal slot machines and there was a raid carried out in which a significant number were confiscated. That's the way it should be done, and it should be done through enforcement. As I mentioned earlier today, if we are all able to read the Criminal Intelligence Service Ontario's report, entitled *Gambling in Ontario: Current Enforcement Concerns, 1995*, we'll find that a great step could be made towards eliminating these illegal machines if we simply gave the police, the law enforcement officers, the tools with which to do it.

For anyone to think that legalizing them is going to get rid of the illegal ones, I think you're naïve. For anyone to think that by not putting them in bars and restaurants, we're going to eliminate them, I don't think that's the

case either. I just don't think we should facilitate the spread of these machines. I don't think we should facilitate the social destruction they can put on the citizens of Ontario. We've received a great deal of evidence, not the least of which is from one of your favourite provinces, the province of Alberta, where they've limited these machines. I suggest if they weren't so addicted to the income from them, they would probably pull them out altogether.

I still am wrestling with the idea that we might even consider putting them in racetracks and permanent charitable casinos. As time goes on and as we deal with this bill, I'll deal with that question. But I certainly have no reservation in supporting a motion such as this that they shouldn't be located in bars and restaurants. I think we're taking a step down a long, long road to having many more than 20,000 of them in the province, and the social effects of such a move would be those we would regret. We have to consider that having allowed these at all, and certainly if we allow them as widespread as bars and restaurants, it's very difficult to pull back. I think you would agree that in many instances, when we make drastic changes, when we allow this sort of thing to happen, it's very difficult to pull back from it.

I'm concerned that in spite of what's been said in the past by the likes of the Premier and the Treasurer of the province, the finance minister of the province, we've had to go to the extent in a very short period of time of moving to supporting the placement of VLTs in bars and restaurants. It was less than a year ago that statements were made that the government doesn't need the money, that we wouldn't at that point even consider VLTs anywhere.

It would appear several weeks prior to the budget being introduced, as I've speculated before when we've discussed how many of these VLTs are needed across the province, or whether any of them are — several weeks before the budget, I suspect, someone has come along and said one of two things. Either it's been the finance advisers who have said: "You know, Minister, we've got a revenue problem. Notwithstanding what the Premier has said, we have a revenue problem, and one of the only answers we can give to this revenue problem is to look at video lottery terminals in the province." As I say, it was either the financial advisers of the government who did this or it was some of the whiz kids who make some of the major decisions regardless of what the advice is who said: "Well, finance has pointed out that we have this problem. We know how to solve it, and that's the introduction of VLTs."

It sounds as though we have a vote in the House, Mr Chair. I'm at your —

**The Chair:** I would think that since we're approaching the 6 o'clock hour, it would be an opportune time to adjourn the debate on your amendment.

**Mr Crozier:** I'll be able to wrap it up shortly at my next opportunity.

**The Chair:** We'll be adjourning to tomorrow at 3:30 pm. Thank you.

*The committee adjourned at 1755.*





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### STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

Mrs Marion Boyd (London Centre / -Centre ND)

Mr Robert Chiarelli (Ottawa West / -Ouest L)

Mr Sean G. Conway (Renfrew North / -Nord L)

Mr Ed Doyle (Wentworth East / -Est PC)

\*Mr Garry J. Guzzo (Ottawa-Rideau PC)

\*Mr Tim Hudak (Niagara South / -Sud PC)

\*Mr Ron Johnson (Brantford PC)

Mr Frank Klees (York-Mackenzie PC)

\*Mr Gary L. Leadston (Kitchener-Wilmot PC)

\*Mr Gerry Martiniuk (Cambridge PC)

Mr John L. Parker (York East / -Est PC)

Mr David Ramsay (Timiskaming L)

Mr David Tilson (Dufferin-Peel PC)

Mr Bud Wildman (Algoma ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Ms Isabel Bassett (St Andrew-St Patrick PC) for Mr Doyle

Mr Mike Colle (Oakwood L) for Mr Ramsay

Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli

Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson

Mr Gerard Kennedy (York South / -Sud L) for Mr Conway

Mr Peter Kormos (Welland-Thorold ND) for Mr Wildman

Mr E.J. Douglas Rollins (Quinte PC) for Mr Parker

**Clerk / Greffière:** Ms Donna Bryce

**Staff / Personnel:** Mr Christopher Wernham, legislative counsel

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First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 1 October 1996

# Journal des débats (Hansard)

Mardi 1<sup>er</sup> octobre 1996

## Standing committee on administration of justice

Alcohol, Gaming  
and Charity Funding  
Public Interest Act, 1996

## Comité permanent de l'administration de la justice

Loi de 1996 régissant les alcools,  
les jeux et le financement  
des organismes de bienfaisance  
dans l'intérêt public



Chair: Gerry Martiniuk  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Tuesday 1 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICEMardi 1<sup>er</sup> octobre 1996*The committee met at 1532 in room 228.*ALCOHOL, GAMING AND CHARITY  
FUNDING PUBLIC INTEREST ACT, 1996LOI DE 1996 RÉGISSANT  
LES ALCOOLS, LES JEUX  
ET LE FINANCEMENT  
DES ORGANISMES DE BIENFAISANCE  
DANS L'INTÉRÊT PUBLIC

Consideration of Bill 75, An Act to regulate alcohol and gaming in the public interest, to fund charities through the responsible management of video lotteries and to amend certain statutes related to liquor and gaming / Projet de loi 75, Loi réglementant les alcools et les jeux dans l'intérêt public, prévoyant le financement des organismes de bienfaisance grâce à la gestion responsable des loteries vidéo et modifiant des lois en ce qui a trait aux alcools et aux jeux.

**The Chair (Mr Gerry Martiniuk):** Good afternoon, ladies and gentlemen of the committee. As the first order of business, we have a reply to the request of Mr Crozier from the Minister of the Solicitor General and Correctional Services regarding the report Gambling in Ontario: Current Enforcement Concerns. Mr Fred Peters, assistant deputy minister, makes it clear in his letter that he feels this report is not a matter that should be public. Is there any comment in regard to that before we proceed where we left off yesterday?

If not, we are dealing with item 6, being a proposed amendment by Mr Crozier. There was no vote on that motion and Mr Crozier has the floor.

**Mr Bruce Crozier (Essex South):** I will be brief. I pretty well summarized my feelings yesterday. Although I did, during my comments, bring up the fact that I felt there would be pressure in the future to expand on the proposed 20,000 VLTs in the province of Ontario, I draw your attention, by coincidence I guess, to a Toronto Star report of September 28. The headline says "Added Lottery Terminals Sought." You will see by this that the Star has a report, a position paper that was prepared by the Ontario Horse Racing Industry Association, that says, "Without the additional machines, money currently bet on racing will be 'cannibalized,' and lost to video lottery gaming." They're suggesting that rather than the 3,500 machines originally granted, they want 7,310, which puts the number available for permanent charitable casinos and the general licensed establishment industry below 13,000. It just emphasizes the point I made yesterday, that this is only the beginning. I think we're on that proverbial slippery slope.

You will note too that they use the word "cannibalized." We questioned those in the horse racing industry at considerable length as to what the cannibalization would be. They are now suggesting that it will be significant. The paper also says that the 10% commission that the province is willing to pay won't be enough and that it should be 25%. It just goes to prove the point that these VLTs, as insidious as some of us believe them to be, if the pressure is given in to, will just proliferate even more in the province and be worse than we had envisioned.

For that reason, I urge the committee to support the resolution that "No video lottery scheme shall operate on or through video lottery terminals located in a bar or restaurant."

**The Chair:** Are there any further comments or questions in regard to the proposed amendment? If not, I will call the question. Shall the amendment carry?

**Mr Crozier:** A recorded vote, please.

Ayes

Boyd, Crozier.

Nays

Flaherty, Leadston, Rollins.

**The Chair:** The amendment is defeated.

We are proceeding to what we for convenience call amendment number 7. The clerk has suggested that in view of the defeat of item 5 moved by Mr Crozier, 7 would probably be out of order. Is there any discussion in regard to that type of ruling before I give my ruling?

**Mr Crozier:** Perhaps if I'd been vocal at all on number 5, we would have had a chance with number 7, but I understand that this amendment is now not in order.

**The Chair:** I so rule it as out of order. We're proceeding to item number 8.

**Mrs Marion Boyd (London Centre):** I move that subsection 6(2.1) of the bill, section 8.0.1 of the Ontario Lottery Corporation Act, be amended by adding the following subsection:

"(2.1) The act is amended by adding the following section:

"Location of video lottery terminals

"8.0.1(1) No video lottery shall operate on or through video lottery terminals located at premises other than racetracks, casinos, including permanent charity casinos, and bingo halls.

"Municipal approval required

"(2) No video lottery shall operate on or through video lottery terminals located at a racetrack, a casino, including a permanent charity casino, or a bingo hall unless the



council of the municipality in which the racetrack, casino, permanent charity casino or bingo hall is located has approved the introduction of video lottery terminals in the municipality.

"Municipal authority to limit numbers and to regulate

"(3) Where the council of a municipality has approved the introduction of video lottery terminals in the municipality, the council may by bylaw establish the total number of video lottery terminals that may be located in the municipality and may otherwise regulate video lottery terminals in the municipality."

The amendment is obviously in response to the request that local governments be in a position to limit the proliferation of video lottery terminals. A number of presenters indicated that they felt it was an important function of local government to protect local communities from the imposition of these machines when they have authority to limit liquor licensing and that sort of thing. It's the same kind of argument that we would see coming forward from local municipalities around controlling through licensing the various gaming activities that go on in those municipalities.

1540

**Mr Crozier:** I support this resolution. Over 40 municipalities, without much prompting, have already indicated that they simply don't want video lottery terminals placed in them. I talked earlier about how the pressure to have video lottery terminals throughout the province would be great. This would help relieve that pressure and would help the government, if it sees fit, to keep the maximum number at 20,000. This is the local option. I can't imagine that anyone on this committee, or in the Legislature for that matter, would not support a local option on many issues, certainly when it comes to video lottery terminals. The Premier has said that when it comes to casinos there will not be casinos placed in municipalities unless a referendum is held. This amendment falls right in line with that thinking and this is one case where I could even suggest that I agree with the government wanting a local option when it comes to gambling.

**The Chair:** Is there any further comment or questions in regard to the proposed amendment? If not, I will put the question.

**Mr Crozier:** Recorded vote.

**The Chair:** We will call recorded votes unless otherwise specified. All those in favour of the motion?

#### Ayes

Boyd, Crozier.

#### Nays

Flaherty, Fox, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The amendment fails. We are proceeding to item 9, which is an amendment proposed by the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection, which I believe, in view of the defeat of the previous one, would now be (2.1):

"(2.1) The act is amended by adding the following section:

"Video lottery terminals, credit cards

"8.0.2(1) No video lottery terminal shall be equipped so as to permit a person to play a video lottery directly by means of a credit card.

"Automated teller machines

"(2) No premises where there are video lottery terminals shall have automated teller machines located on the premises.

"Warning

"(3) A video lottery terminal shall indicate in a conspicuous place on the terminal that gaming may be additive."

This obviously is an effort to deal with the many issues that were raised by people around the concern of those who become addicted to gambling having easy access to credit beyond what they can afford. It is an effort to try and control in a responsible way the use of video lottery terminals. Being mindful, as we ought to be, of the concerns that have been expressed by the compulsive gamblers' foundation and others that the addiction to gambling, particularly with the use of these machines, poses a very serious social problem to a lot of people, this would be an effort to control the use of credit and the use of access to automated tellers to discourage the overuse of these machines by those who are unable to afford the kinds of dollars they are spending.

**Mr Crozier:** I would like to support this amendment as well. If anyone watched the CBC news last night, you would have seen an example of how quickly money can be spent on these video slot machines. It showed an example in the west where an individual went in and dropped over \$100 in loonies into this machine in no time flat, walked out, was asked if he was concerned about being becoming addicted to the machines. He said he thinks about it. It would appear as though there was at least a mild addiction because he said he would be back next week to do the same thing again.

When you start allowing the use of credit cards, or at least if you're not opposed to the use of credit cards, it's a whole different world when it isn't money that's in your hand or in your pocket. If you can't carry enough money around, I guess you're limited in the amount you can spend, but when it's only limited by your credit card, I think this is one of those cases where again if we're going to have these little devices all over the province, we should do what we can to limit the harm. I think allowing the use of credit cards is just unacceptable.

**Mr Jim Flaherty (Durham Centre):** Briefly, to reply, and not comment on the merit or lack of merit of the substance of the proposed amendment, but to say again that this legislation, Bill 75, establishes a framework and does not deal with implementation questions, which this amendment would deal with.

**Mrs Boyd:** That's exactly why the proposal is to put it in the legislation, so that it cannot be put off to regulation-making, which, as we know from sad experience with this government, happens without any warning or consultation and is suddenly gazetted and we find ourselves with regulations covering legislation when we've been assured in the Legislature we didn't have to worry about those details because they would be coming along later as part of an implementation plan.

I suggest that we believe very strongly that the government would be acting only responsibly to add this to the legislation.

**Mr Flaherty:** Not to prolong the debate but to repeat again that there is to be further consultation with respect to implementation with the public, and I'm sure that issues such as those addressed in this amendment will be addressed by many people during the course of that further consultation.

**Mr Crozier:** But if how we've treated the first seven or eight amendments that have been proposed to this legislation so far is any indication of the degree to which you'll listen to consultation, I'm not comforted by your remarks.

**Mrs Boyd:** I would say the same thing. We already know people will address this. They addressed it in the consultations that happened in front of the committee. This is of deep concern to people, the fact that credit would be available instantly to those who might become addicted to this form of gambling. We don't anticipate, if you're unwilling to respond now, when you have heard those concerns again and again, that any further consultation would make any difference.

You're not committing yourself to supporting these kinds of moves if you hear this kind of concern. All you're saying is, "We'll go out and consult." I think increasingly the public in Ontario is becoming very well aware that consultation means going through a form of supposed consultation with the people and when we come to clause-by-clause, nothing changes.

**The Chair:** Is there any further discussion before I put the question? If not, shall the amendment carry?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The motion is defeated.

We are now proceeding to item 10, which is a proposed amendment by the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection, and again it would be (2.1) since the previous ones were defeated:

"(2.1) The act is amended by adding the following section:

"Prohibition

"8.0.3 No person shall advertise or promote in any way the playing of video lotteries."

Mr Speaker, we have a long history of having restrictions upon the advertising of other addictive substances like alcohol and tobacco. It is only fitting that we ought to have a prohibition on the advertising of these very addictive machines.

1550

**The Chair:** Thank you, Mrs Boyd. I'm a Chairman. I'm one of the few of our caucus who isn't running for Speaker.

**Mrs Boyd:** I beg your pardon, Mr Chair. We have enough people with ambitions in the room.

**The Chair:** The motion has been made. Is there any further discussion? If not, I put the question. All those in favour?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The motion is defeated.

We are now proceeding to item number 11, which is a motion by the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection, again (2.1):

"(2.1) The act is amended by adding the following section:

"Payment of revenues from video lotteries, problem gambling strategy

"At least 2% of all revenues obtained through video lotteries shall be used for the operation of programs that provide assistance to persons with gaming-related problems."

In view of the representations that have been made about the highly addictive nature of this particular form of gambling, although there certainly has been some commitment by the government around increased support for addictive gambling treatment, we suggest that it would be appropriate for this kind of commitment, 2% of all the revenues, to be put into this area.

If we listen to the experts, both our own Canadian experts from the Canadian Foundation on Compulsive Gambling and certainly those who are experienced in other jurisdictions where video lottery terminals have been in use over a period of time, problem gambling can be an expected result, a much more highly problematic result with this particular easy form of gambling than it is with some of the other forms of gambling with which we're more familiar. So we suggest that at least 2% of the revenues obtained from an activity that we know is addictive ought to go towards treatment.

**The Chair:** Is there any further discussion before I call the question? If not, I call the question. Shall the amendment carry?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The amendment is defeated.

We are now proceeding to item 12, which is a proposed amendment by the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection:

"The act is amended by adding the following section:

"Payment of revenues from video lotteries

"At least 2% of all revenues obtained through video lotteries shall be used for the enforcement of laws



relating to gaming and the prevention of illegal gaming in Ontario."

Again, this responds to the kinds of concerns around the illegal activity that may accompany the use of these machines. We know that in other jurisdictions there has been an increase in that kind of activity and that there is a cost to all of this in terms of the enforcement of gaming provisions and other illegal activities that may surround it. Unfortunately, we are not able to enter into the record the report *Gambling in Ontario: Current Enforcement Concerns*, which outlines some of the very strong concerns that the police community has about the introduction of these video lottery terminals, and I think it is appropriate for us to reassure law enforcement officers that they will have the resources they need in order to maintain the current enforcement of laws relating to gaming.

**Mr Crozier:** Chair, I'd like to echo those feelings and emphasize that it is no secret to any of us that the law enforcement agencies in the province of Ontario could use the support of part of the revenues from these video lottery schemes. This is new money, albeit if we look back at the budget, I understand why the government has become addicted to gambling. They simply need the revenues, and I'm not so sure that they're in a position to share any more of the revenues than they have already indicated that they would do.

But I am sure from comments that have been made publicly — and I expect we will hear more in the very near future when it comes to the concerns of the enforcement agencies in the province — would support the need for this kind of funding.

**The Chair:** Is there any further discussion or questions in regard to the proposed amendment? If not, I'll call the question. Shall the amendment carry?

#### Ayes

Boyd, Crozier.

#### Nays

Flaherty, Fox, Guzzo, Hudak, Leadston, Rollins.

**The Chair:** The amendment is defeated.

We are now proceeding to item 13, which is a proposed amendment by the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection:

"(2.4) The act is amended by adding the following section:

"Payment of revenues from video lotteries to municipalities

"At least 10 per cent of all revenues obtained through video lottery terminals located in a municipality shall be paid to the municipality in which the video lottery terminals are located."

The purpose of this was to be a motion that would fit with the municipal local control over video lottery terminals, that if they were to be in charge of controlling that, they would need some of that revenue in order to enforce their own provisions.

**Mr Crozier:** I support this amendment as well. It would not surprise me, though, and I don't want to be too

presumptuous, that this will not pass, but then that would reinforce the government's position that it doesn't like to give local municipalities the option on anything unless it's something they're taking money away from rather than giving them money for.

Certainly I think back to the promise by the Premier during the campaign that the city of Windsor would receive 10% of the profits from Casino Windsor, which I'm sure they haven't seen one penny of yet. So unless this kind of amendment is adopted, anything the government might say that would suggest that it would share anything with municipalities again might not give these municipalities much comfort.

**Mr Flaherty:** Very briefly, as the government which preceded our government did with casinos, so it is the policy with respect to video lotteries, that is, there is no sharing of revenues directly with the municipalities. The gaming policy in the province is a matter of provincial jurisdiction and provincial law, as it is with alcohol.

**Mrs Boyd:** Mr Chair, I would just reiterate that this motion was made because we had already put forward a motion that municipalities should have some control over video lottery terminals, given the nature of these particular devices. That's quite different from the issue of the casino, quite different because they're scattered throughout our neighbourhoods in every little corner store or corner facility throughout the whole municipality, a very different issue from a concentrated gaming facility which is controlled in a very different kind of way.

**The Chair:** Is there any further discussion in regard to the proposed amendment? If not, I put the question. Shall the amendment carry?

#### Ayes

Boyd, Crozier.

#### Nays

Flaherty, Fox, Guzzo, Hudak, Leadston, Rollins.

**The Chair:** We are now dealing with item 14, which is a proposed amendment of the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection:

"(2.4) The act is amended by adding the following section:

"Payment of revenues from video lotteries to charities

"At least 10 per cent of all revenues obtained through video lotteries shall be paid to charities operating in Ontario."

This is directed at the concern which we've heard expressed on many occasions that this whole procedure is simply to be a cash cow for the government general revenues and not for charities themselves and that the legislation itself ought to specify at least a minimum amount which charities can expect to have, particularly given the strength of the submissions to us that were made by service clubs and other groups who see video lottery terminals as cutting into the revenues they have been able to obtain through bingos, through Nevada tickets, that sort of thing.

1600

**Mr Crozier:** I'll be supporting this amendment. It is enough to say that part of the title of the act is to fund

charities through the responsible management of video lotteries, and I think it would be prudent, then, to at least guarantee all the charities in the province 10% of these revenues.

**Mr Flaherty:** There has been an indication throughout the hearings with respect to the funds to go to charities, which was raised in fact in the budget statement. One of the implementation questions that's going to be very important in the consultations that take place is, which charities or which organizations, whether or not they call themselves charities, are going to be eligible for sharing? I think using the word "charities" in the legislation now would be premature, given that this is a very important question that needs to be the subject of consultation with charities and groups in the province.

**Mrs Boyd:** As will be very clear from subsequent amendments of ours, we also are concerned about how it would be determined which charities were to obtain the revenues. I suggest to the parliamentary assistant that there is a definition of "charity" as it exists under the various laws administered by the public trustee and guardian of the province and that he need not be so precious about the use of the word. I think there are hundreds of charities that are seen to operate as charities and have applied for the tax status that enables them to give tax receipts and so on. There are many ways to determine that.

Our concern here is that unless there's at least a built-in minimum that we would see actually flow to these charities, there is a great scepticism out there in the world, as we've heard expressed, about where these revenues would go. I can certainly tell you that those of us with experience in government know just how deep that maw is of the finance department when it sees revenues that get deposited into the general revenue fund and they have no requirement to pay out.

**The Chair:** Is there any further discussion or questions before I put the question? If not, all those in favour?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hudak, Leadston, Rollins.

**The Chair:** The amendment is defeated.

We are now proceeding to item 15, being a proposed amendment of the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection:

"Charity committees

"The corporation shall establish in such regions as it designates charity committees responsible for reviewing the manner in which revenues from video lotteries are distributed to Ontario charities."

The purpose of the amendment is to ensure that there continues to be public input into the decisions around these revenues, particularly given the nature of these machines and the likelihood that dollars will be flowing from families within communities in a way that has never been seen before. It is important for there to be some local control over what charitable organizations within a

community are seen as being appropriate for the receipt of those funds.

**Mr Flaherty:** The model suggested by this amendment is certainly one possible model. No doubt there are other models to be considered in the further consultations to take place with the public concerning implementation.

**The Chair:** If there's no further discussion, I shall put the question. All those in favour of the proposed amendment?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The proposed amendment is defeated.

Our next matter is item 16, being a proposed amendment of the third party.

**Mrs Boyd:** I move that section 6 of the bill be amended by adding the following subsection:

"Charity Funding Review Board

"8.0.6(1) There is hereby established the Charity Funding Review Board to be composed of at least five members appointed by the Lieutenant Governor in Council.

"Purpose

"(2) The purpose of the review board is to review decisions relating to the amounts of funding allocated to specific charities out of revenues from video lotteries.

"Application

"(3) Any charity that is dissatisfied with the amount of funding allocated to it may apply to the review board for a reconsideration of the amount.

"Procedure

"(4) The review board may establish its own practice and procedures with respect to hearings before it and may decide whether there will be an oral hearing or a hearing by means of written submissions.

"Powers of review board

"(5) On a hearing, the review board may confirm or modify the amount of funding allocated to a charity.

"Decision final

"(6) A decision of the review board is final and binding."

The purpose of this motion is to set up an oversight over the allocation of funds from the revenues of video lotteries to ensure that there is a due process whereby charitable organizations which are dissatisfied with the way in which allocations are made — and now that the government has rejected the idea of local committees, we have no idea how those allocations will be made. We believe it is very important that if the government is insisting on putting these machines in and insisting on not giving any notion of how these decisions are going to be made, at least the people of Ontario ought to be aware that there will be due process and there will be some means for them to appeal a decision.

**Mr Crozier:** I'll be supporting this motion. Again, I will point to the title of the bill, and that is "to fund charities through the responsible management of video



lotteries." I think this fits right in with the title of the bill, that this would be part and parcel of responsible management of video lotteries and the funds that are derived from them.

**The Chair:** Is there any further discussion or questions? All those in favour of the amendment?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The proposed amendment is defeated. We are now proceeding to item 17, being a proposed amendment of the third party.

**Mrs Boyd:** I move that section 8.3 of the Ontario Lottery Corp, as set out in subsection 6(4) of the bill, be struck out and the following substituted:

"Review of video lotteries

"8.3(1) The Lieutenant Governor in Council shall appoint a person to undertake a continuous review of video lotteries from the date of their implementation in Ontario.

"Duty of appointee

"(2) The person appointed under subsection (1) shall, in carrying out the review,

"(a) monitor public interest in and public reaction to existing and potential features of video lotteries; and

"(b) examine the social, economic, health, justice and environmental impact of video lotteries on the people of Ontario.

"Report

"(3) The person appointed shall make a report annually to the minister, and the minister shall, within 30 days of receiving the report, lay it before the assembly if it is in session or, if not, before the Clerk."

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The purpose of this is to ensure that the kind of monitoring that is necessary is carried out, that this monitoring is carried out by someone who is at arm's length of the government and is not a bureaucrat within the government or a bureaucrat within the Ontario Lottery Corp, but in fact is someone who is appointed with responsibility for monitoring the public interest around these issues, not the interest of the government, not the interests of video lottery terminal operators or manufacturers or repairers, but in fact the public interest, the general public of Ontario. This is best accomplished through a Lieutenant Governor in Council appointment.

**Mr Flaherty:** Bill 75 does provide for the creation of a new section 8.3 in the Ontario Lottery Corporation Act, providing that the Lieutenant Governor in Council may appoint a person to undertake a comprehensive review of the provisions of this act relating to video lotteries five years after the implementation of video lotteries throughout Ontario.

**Mrs Boyd:** The purpose of this motion is to replace that section of the bill with a section that insists on ongoing monitoring, that says there will be yearly reports. This will be a much more vigorous monitoring of the effects than is anticipated under the bill. Five years down

the line, getting a report from someone is not going to be helpful if the kinds of social consequences that we have heard speculated about during the time we've been in committee on this bill and the kind of social effects that have been observed in other jurisdictions — if there is not somebody doing that ongoing monitoring as we go along, it will be very difficult for us to determine what the effect has actually been.

**Mr Flaherty:** I appreciate the views expressed by the honourable member and I don't want to leave the impression that the program would not be monitored on an ongoing basis. All government programs should be monitored on an ongoing basis. The government is committed particularly with respect to video lotteries to a controlled, phased introduction of video lotteries in the province, and that commitment has been repeated often in addition to the statutory provision for a review. The statutory provision does not prohibit the government from having the review earlier than five years if that were deemed to be necessary.

**Mrs Boyd:** Just as a final point, one assumes that the monitoring the government is talking about would be in-house to the Ontario Lottery Commission or indeed to the ministry in charge of the Ontario Lottery Corp. The issue here is having someone who owes nothing to any of those interest groups but is charged specifically to monitor the public interest and not the self-interest of many of those groups.

**The Chair:** Is there any further discussion before I put the question? If not, all those in favour?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Leadston, Rollins.

**The Chair:** The amendment is defeated. We are now proceeding to a proposed amendment by the opposition.

**Mr Crozier:** I move that subsection 6(4) of the bill, subsection 8.3(2) of the Ontario Lottery Corporation Act, be amended:

"Same

"(2) The Lieutenant Governor in Council shall appoint a person to undertake a review of video lotteries before extending their implementation to any class of premises other than the class or classes of premises in which video lottery terminals may be located when video lotteries are first introduced."

**Mrs Boyd:** Obviously I'll be supporting this, because this is very much in keeping with the amendment that we wish to put. In other words, we believe this review is necessary before an extension of these machines, not at the end of a five-year period.

**The Chair:** Are there any further questions or comment before I put the question? If not, all those in favour of the amendment?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Leadston, Rollins.

**The Chair:** The amendment is defeated. Next we have item 18a, which is no doubt the most inventive amendment before our committee during this hearing.

**Mr Crozier:** That's an interesting comment by a chairman who is supposed to be neutral.

**The Chair:** I meant it as a compliment. I didn't mean it —

**Mr Crozier:** Oh, good, okay. As long as you're on the record that way.

**The Chair:** It is an inventive proposal.

**Mr Crozier:** I'll take that in the vein in which the Chair has given it.

**The Chair:** I meant it that way.

**Mr Crozier:** Thanks for the support, or could I — no, I can't interpret too much into that, can I?

I move that section 9 of the Ontario Lottery Corporation Act, as set out in subsection 6(5) of the bill, be amended by adding the following subsection:

"Guarantee

"(3) Despite subsection (2), where a charity operating in Ontario demonstrates that it has less net revenue in any year following the introduction of video lotteries in Ontario, the Lieutenant Governor in Council shall pay to the charity from the proceeds from video lotteries an amount equal to the charity's shortfall in revenue."

Chair, this may be inventive, but it's a result of a number of charities appearing before us, being concerned as to the effect that video lotteries will have on their net revenue and their concern with the view that they will be reduced, and time and time again the government assuring these charities that they needn't worry. So this would be a case of the government putting their money where their mouth is, to coin an old phrase.

**Mr Flaherty:** This amendment would have the effect of guaranteeing charities in Ontario their current level of net revenues in perpetuity, which is inventive but preposterous.

**Mr Crozier:** In the event that this is preposterous, at least it raises the question that the government continually assured charities that they would not suffer by the introduction of video lottery terminals. So I invite the government in that case, if this is preposterous, to amend this amendment to something that would be more acceptable and yet would give some assurance to those charities in writing that the government means what they say, and that is, that charities would not suffer by the introduction of video lottery terminals.

**The Chair:** I didn't understand Mr Flaherty to say "preposterous." Did you?

**Mr Flaherty:** Yes, I did. The reason I said that is there could be many reasons why a charity's revenue would go down — lack of fund-raising efforts and all kinds of reasons why a charity could have less revenue in a given year than in a preceding year. That might well have nothing to do with the introduction of video lotteries in the province.

Having said that, I understand the concern being raised by Mr Crozier, because he and I sat through all the hearings and I understand the concerns that some charities have, particularly with respect to the revenues garnered from break-open tickets in local communities, many of the service clubs — and I'm a service club member involved in that. It is an important issue which

needs to be addressed, again I say, in the implementation consultation and not in the framework situation with which we are dealing in Bill 75.

**Mr Crozier:** Chair, just one more remark. To understand it, and I think we all understand their concern, what I suggest is that there's a big difference between understanding and being willing to do something about it.

**The Chair:** Is there any further discussion or questions in regard to the proposed amendment? If not, I'll put the question. All those in favour?

**Ayes**

Boyd, Crozier.

**Nays**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The motion is defeated.  
Shall section 6 of the act pass?

**Ayes**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**Nays**

Boyd, Crozier.

**The Chair:** The section passes.

There are no proposed amendments to sections 7 and 8, and I'll therefore ask, shall sections 7 and 8 of the act pass as unamended?

**Ayes**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**Nays**

Boyd, Crozier.

**The Chair:** I understand there is an amendment to the long title of the bill.

**Mr Flaherty:** I move that the English version of the long title to the bill be amended by striking out "liquor" in the last line and substituting "alcohol."

**Mrs Boyd:** I'm not necessarily opposed to this, I'm just curious as to why we would do that, given that most laws in this province that deal with the statutory control of liquor use the terminology "liquor." It's rather unusual to suddenly begin substituting the word "alcohol." I'd be very interested in knowing why we are doing this, given that we have a Liquor Control Board and a Liquor Licensing Board. Liquor is the word that is used in all other statutes, why are we using alcohol in this one?

**Mr Flaherty:** One of the purposes of Bill 75 is to create the new Alcohol and Gaming Commission incorporating the Liquor Licensing Board of Ontario and regulatory functions from the Liquor Control Board of Ontario. The amending of the title of the act will be consistent with the name of the new commission, which is the Alcohol and Gaming Commission.

**The Chair:** Don't we have our Liquor Control Board still remaining?

**Mr Flaherty:** Yes, we still have a Liquor Control Board of Ontario. Did I say something indicating that we wouldn't?



**The Chair:** No, no. You haven't changed the name of that board?

**Mr Flaherty:** No.

**Mrs Boyd:** They're just planning to sell it, Mr Chair.

**The Chair:** Are there any further comments or discussion in regard to the amendment altering the long name of the bill? If not, all those in favour of the amendment?

**Ayes**

Boyd, Crozier, Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The amendment has carried.

All those in favour of the long title of the bill as amended?

**Ayes**

Boyd, Crozier, Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**The Chair:** The title is carried. Now, the question is: Shall Bill 75, as amended, carry?

**Ayes**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**Nays**

Boyd, Crozier.

**The Chair:** Lastly, shall I report the bill, as amended, to the House?

**Ayes**

Flaherty, Fox, Guzzo, Hastings, Hudak, Leadston, Rollins.

**Nays**

Boyd, Crozier.

**The Chair:** It is ordered that the Chair report Bill 75, as amended, to the House.

I believe, unless there's anything further, that concludes consideration of the act. I thank everybody for their participation in this matter. The committee is adjourned.

*The committee adjourned at 1624.*





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#### **Substitutions present / Membres remplaçants présents:**

Mr Michael A. Brown (Algoma-Manitoulin L) for Mr Ramsay  
Mr Bruce Crozier (Essex South / -Sud L) for Mr Chiarelli  
Mr Jim Flaherty (Durham Centre / -Centre PC) for Mr Tilson  
Mr Gary Fox (Prince Edward-Lennox-South Hastings /  
Prince Edward-Lennox-Hastings-Sud PC) for Mr Parker  
Mr John Hastings (Etobicoke-Rexdale PC) for Mr Doyle  
Mr Gerard Kennedy (York South / -Sud L) for Mr Conway  
Mr Peter Kormos (Welland-Thorold ND) for Mr Wildman  
Mr E.J. Douglas Rollins (Quinte PC) for Mr Klees

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 21 October 1996

# Journal des débats (Hansard)

Lundi 21 octobre 1996

**Standing committee on  
administration of justice**

**Comité permanent de  
l'administration de la justice**

Courts Improvement Act, 1996

Loi de 1996 sur l'amélioration  
des tribunaux



Chair: Gerry Martiniuk  
Clerk: Douglas Arnott

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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Monday 21 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Lundi 21 octobre 1996

*The committee met at 1602 in room 228.*COURTS IMPROVEMENT ACT, 1996  
LOI DE 1996 SUR L'AMÉLIORATION  
DES TRIBUNAUX

Consideration of Bill 79, An Act to improve Ontario's court system, to respond to concerns raised by charities and their volunteers and to improve various statutes relating to the administration of justice / Projet de loi 79, Loi visant à améliorer le système judiciaire de l'Ontario, à répondre aux préoccupations exprimées par les œuvres de bienfaisance et leurs bénévoles, et à améliorer diverses lois relatives à l'administration de la justice.

**The Chair (Mr Gerry Martiniuk):** I call the justice committee meeting to order for consideration of Bill 79. The first order of business is the adoption of the subcommittee report.

**Mr Frank Klees (York-Mackenzie):** I move the adoption of the report of the subcommittee, dated October 16, 1996.

**The Chair:** All those in favour of adoption? Carried.

The committee welcomes the Honourable Attorney General of Ontario, Mr Charles Harnick. We are to proceed with one hour set aside for a presentation by Mr Harnick and then questions by the caucuses. Mr Harnick, the floor is yours.

**Hon Charles Harnick (Attorney General):** I will be very brief. I just want to review some of the areas that I gleaned were perhaps controversial as a result of listening to the debate in the Legislature.

Bill 79 provides legislative authority to appoint a new judicial administrative officer known as the case management master. The bill also changes the name of the Ontario Court (General Division) to the Superior Court of Justice and the Ontario Court (Provincial Division) to the Ontario Court of Justice. The bill permits the making of regulations to relieve charities of the time and expense of obtaining court approval for non-controversial issues. It also provides an opportunity to make a series of house-keeping amendments to the Courts of Justice Act.

I want to say a few things about case management masters. To put it in context, the role of the case management master is to support the team management approach of case management judges in dealing with civil litigation under a case management system. This is something that is going to be new to the province of Ontario and to the way we manage the civil litigation system, and it is, quite frankly, long overdue.

I can tell you that Ottawa, where I visited last Friday, will be at 100% case management on January 1, 1997, and I am hopeful that by the end of 1997 Toronto will be

at 50% case management, and shortly thereafter we will move to get that to 100% case management. That's why the case management master is so important, because this individual, as well as having the same powers as current masters, as set out in the rules of civil procedure, will also have an expanded role in administering case management.

The essence of case management is to take a system that has been driven largely by the time parameters put on by lawyers to run civil cases through the court system and change it to a system whereby judges set the time limits. So cases will come into the courts, and there will be a prescribed time after a statement of claim is filed and a defence is received for examinations for discovery, for mediation, because we intend to make mediation a permanent part of civil procedure in appropriate cases. There'll be a time limit set for when the pre-trial occurs and for when the trial or the action will occur.

As it now stands, that can take in excess of five years if the lawyers feel that should be the timetable for the case. Under case management, it will no longer be the lawyers that make these decisions, it will be the judges, and they will be assisted by the case management master. The case management master becomes an indispensable tool in permitting case management to work, because the whole essence of it is to keep cases on the scheduled track. That's the failure of the civil justice system today: Cases are not on a scheduled track; they proceed when the lawyers are ready to proceed with them. This is a whole new rationale for the way our civil justice system will work.

By regulation, we will ensure that the qualifications for a master will be 10 years at the bar as a practitioner. They will receive a salary of \$110,000 per annum and they will be appointed for seven-year terms, with three-year renewals to be exercised by the Chief Justice. They will also, as judicial officers, receive scheduling and clerical support, and they will have access to the appropriate technology that is being developed and implemented to make case management effective.

The appointment process, as we envision masters' appointments, will be the same as justices of the peace. Advertisements will appear in the Ontario Reports to recruit candidates. Applicants will be assessed and interviewed by local committees representing the bench, the bar, courts administration and the public. Local committees will make recommendations through the regional senior justice and the Chief Justice to the Attorney General, who will advise the Lieutenant Governor in Council on the appointment.

It's very important to note that a master's role is very different than the role of a judge. A master will very



seldom have contact with the public but will have constant contact with counsel representing the public. They're involved, in addition to administrative duties, with what people in practice will refer to as interlocutory or practice motions. Any time there's a decision to be made as a result of the interpretation of the rules of civil procedure, which are contained in a compendium pursuant to the Courts of Justice Act, a master makes those decisions.

They are decisions that are technical. They often involve a determination, for instance, as to whether a question asked on an examination for discovery is a proper question. They are questions that can involve an issue as to the appropriateness and propriety of the pleadings, eg, "Is there a paragraph in the statement of claim that is not a proper paragraph or not a proper pleading?" so that someone moves to have it struck or a portion struck out; the same with a defence.

The motions often involve whether a document has to be produced, and none of the motions that a master hears involve a final determination of the case. So nothing that a master does can ever be a matter that causes a case to be dismissed. They're interlocutory orders, not final orders. Final orders must be determined by a judge. That is something that distinguishes the role of a master, and that's why I believe the appointment process that I'm talking about today is most appropriate for these kinds of appointments.

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In terms of complaints about a case management master, we believe that such complaints should be made to the Chief Justice. The Chief Justice, if the Chief Justice so desires, can refer the complaint to a panel of three for investigation and recommendation. In effect, what we're saying here is nothing new. What we're saying mirrors the process established for Small Claims Court deputy judges. The complaint process will be very similar to what we already have in terms of how we deal with deputy judges who preside in Small Claims Courts.

Again, I can tell you that that process has worked very well in the Small Claims Courts. Small Claims Court judges, deputy judges, have more contact with the public than almost any judicial officer in our civil justice system because Small Claims Courts involve cases where people appear without representation by counsel, but they appear on their own. If ever there was a place that was going to be fostering complaints against judges, it's a procedure where individuals would appear on their own without representation and as a result their contact with the judge would be closer than in almost any other instance.

As I've indicated in my remarks a moment ago on the appointment process, masters will have a very minimal contact with the public. So if it works for Small Claims Court judges by way of their complaints procedure, I can assure you that this will work in terms of the procedure dealing with masters and the complaint process.

The final matters I want to touch on involve the extension of the term of the Chief Judge of the Provincial Division from six years to eight years. It's very important that we recognize that what will soon be known as the Ontario Court of Justice, our provincial court, is a court that probably has more business in it than all of the other

courts combined. It's our provincial criminal court, it's our provincial family court.

That court needs continuity, and my concern about a six-year term is that a six-year term does not provide continuity and it doesn't provide enough of a tenure for a Chief Judge to really be in a position to control the administration of what is a very large court, without question the largest court body in this province.

I want to make clear that I looked very hard at this issue because in the General Division, soon to be known as the Superior Court of Justice, the Chief Justice and the Associate Chief Justice are appointed to those positions for life. I think it would be wrong if the provincial court didn't receive by way of tenure for the Chief Judge a period of time that provides the Chief Judge with the opportunity to accomplish and preside over a court that has considerable administrative challenges, with the time to develop in the course of that individual's tenure an administrative and jurisprudential tenure to allow the court to advance. I think one of the very great difficulties with six years is that it didn't allow that. It didn't allow the Chief Judge to have that impact on the court in an administrative or jurisprudential way. That's the rationale for the change that is to be made in that area.

Those are the comments I wish to make. I have with me representatives from the ministry to deal with some of the technical issues you may wish to raise. Heather Cooper is here, as well as John Twohig, to answer those technical problems, and Debra Paulseth is here to talk about the courts administration aspect of the changes if there are any questions.

I'd invite your comments. Thank you.

**The Chair:** The subcommittee made no decision on the way to proceed with questions. I assume that an equal amount of time for each caucus would be satisfactory, and there is 15 minutes per caucus. Shall we start off, Mr Ramsay, with yourself?

**Mr David Ramsay (Timiskaming):** Attorney General, thank you for coming before us today. We appreciate your accessibility in this matter.

I want to first talk about the case management masters. My understanding is that there have been several pilot programs across the province, and my information is that there have been mixed results from that. I see you nodding your head in agreement, so give me the rationale, if you're not getting some improvements in this, why you would proceed to bring this in province-wide.

**Hon Mr Harnick:** As I indicated, one of the very difficult problems with case management and what distinguishes a case management program that can be successful against one that will not be successful is the ability to keep cases on a tight time frame. The case management projects that have had difficulty — they've all had very beneficial impacts, but some have been better than others. What distinguishes the ones that have succeeded from the ones that haven't is the ability to keep cases on a time track.

The Civil Justice Review which my predecessor Mrs Boyd announced and worked on in conjunction with Chief Justice McMurtry is a review that is about to publish its final report. The recommendation of the Civil Justice Review is very clear that the way case manage-

ment can succeed is by developing the team approach. What that means is that cases where a statement of claim is filed with the court will be assigned to a case management judge, and that case management judge will be the judge who sees that case through right from the time the statement of claim is filed to the time another judge takes that case and is the presiding judge at the trial.

The Civil Justice Review made it very clear that in order to maintain the workload and to maintain the ability to monitor those cases and keep them on the time track that's going to be prescribed by the rules, it depends on having the assistance of case management masters. So the cases will be assigned to a judge. That judge will monitor all of those cases. He will be the judge who often has to decide issues as the case goes along.

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That judge will be assisted by the case management master, who will do a lot of the administrative things. For example, if discoveries are not completed on time, that master is going to make sure that case ultimately gets back on track. If there are pre-trials coming up, that master will ensure that the pre-trial will go on the date scheduled and that the parties will be there and will be prepared. If there's a trial coming up, that case management master will ensure that everything is done before that trial occurs so that the parties don't arrive on the day the trial was supposed to proceed to say: "Well, we don't have that medical report. There's an evidentiary issue that we have to deal with. There's a witness who isn't available." The case management master will conceivably be in a position to ensure months before the trial that everything is done that should be done so that the case can proceed on the day it's called.

One of the very great problems you have, and I can't stress this enough, is that we are taking this system from a system that is driven on the basis of lawyers' timetables to a system that's driven on the basis of judges' and courts' timetables. That is really a 180-degree turn in the way civil cases have proceeded in the province. It will no longer be the norm that cases take five years to be completed. They will now be completed according to the timetable laid out by the rules of civil procedure as they relate to case management.

**Mr Ramsay:** Much of this debate centres around the timing of changing the court names. I can understand your desire to do that. I think the new names probably bring some clarity to the system in Ontario, but the criticism has been made as to the timing because of the cost.

I understand that the ministry is saying, "Well, we're going to phase in that cost by using up old stationery, using existing signs etc," and that's obviously very laudable. The problem, though, seems that if we're striving for clarity through the renaming of the courts, won't this muddy those clear waters you're striving for by this sort of phase-in that you're doing?

**Hon Mr Harnick:** Not at all. I say that because, as I have travelled around this province as a litigator and now as Attorney General, there is no confusion in any community that I have ever been to in either capacity as to where the courthouse is. I have never in my life heard any courthouse referred to as "the Ontario Court (General Division) courthouse." It is known as "the courthouse."

I suspect if you go up to Haileybury and you receive a paper that says there is a motion that's going to take place at 10 o'clock in the forenoon at the courthouse, and then the address of the courthouse is reproduced as it is in those forms, there is not one person who comes from the area around Haileybury who doesn't know where the courthouse is. I say that with respect to Haileybury, Gore Bay and Toronto.

Many of the courthouses are consolidated courthouses. Go to Ottawa and it says the "Courthouse." It doesn't say "The Ontario Court (General Division)," "The Provincial Court." There's a sign out front that says "Courthouse," just the way the courthouse on 361 University Avenue says "Courthouse." So we don't have any qualms whatsoever that there will be any confusion. There will not be one single penny paid to buy new signs on courthouses because every courthouse in this province is known as "the courthouse." We will not have any difficulty in that regard whatsoever.

Let me talk about probably the most complicated jurisdiction, and that's Metropolitan Toronto. Every court — the North York court, the Scarborough court, the Etobicoke court, the Old City Hall court and 361 University Avenue — there's not one of those courts that was changed to reflect Ontario Court (Provincial Division), Ontario Court (General Division) when Mr Scott made the changes earlier, and certainly everyone knows where the North York court is because on every document it says 1000 Finch Avenue, or whatever; I think it's 1000 Finch Avenue. Never have I had difficulty in any community I've been to finding the courthouse, and generally the sign out in front describes it as the courthouse.

**Mr Ramsay:** You're saying to us today that you don't anticipate any increased costs caused by the name change?

**Hon Mr Harnick:** There will be no increased costs because there's not going to be a sign that's changed, and there will be no confusion because no one needs any name on the building other than "courthouse." That has always been the way in Ontario. It's been the way since our first courts were built prior to Confederation.

**Mrs Marion Boyd (London Centre):** I think what you're saying, though, is not that people don't get confused when they're in a jurisdiction, for example, like Brampton, where they regularly go to one court location as opposed to another where consolidation hasn't happened. You're simply saying that they haven't read the address of the courthouse they're to go to, and that's the problem?

**Hon Mr Harnick:** What I'm saying is that what we are doing will not add to an already confusing situation because we happen to have more than one court building in a community. You bring up the example of Brampton or Peel, where we have courts on Hurontario Street, on Clarence Street, and what's the one —

**Ms Heather Cooper:** There's one on Hensall.

**Hon Mr Harnick:** Hensall Circle, and they're all different courts. Some of them are Small Claims Courts, some of them are Ontario Court (General Division), some of them are family courts. In Hamilton we have the Unified Family Court, we have the Provincial Court in a different building, we have the General Division in yet a



different building, and every court document people get specifically says what the address is. What they will see out in front is what they see now, and that's a sign that says "Courthouse." In Hamilton, as a matter of fact, they don't even have a sign on the building where the Provincial Court is because it's in an office building several flights above street level. So they don't even have a sign on that one.

**Mrs Boyd:** On the issue of the stationery, which I think was the other issue that had been raised around cost, and that would involve forms as well as personal stationery for judges, you're simply saying that you have an agreement that people will finish out what they've got now, and when it's replaced, it will be a gradual replacement?

**Hon Mr Harnick:** Exactly.

**Mrs Boyd:** So the reality of the name change is really to meet the concerns that have been raised within the judicial community itself. The confusion is not public confusion; the confusion is among the courts across Canada.

**Hon Mr Harnick:** The judges in what is now described as the Ontario Court (General Division) have expressed to me on numerous occasions the fact that when they describe Ontario Court (General Division), there is often a feeling that they work in a post office, and judges are concerned about that perception of the description of the court they work in. It doesn't accord with the name of any other court in the country.

They have, from a jurisprudential point of view, a very difficult time when they write a judgement and it's published in the Ontario Reports having lawyers elsewhere understand when they want to cite an Ontario court case in a British Columbia court what is an Ontario Court (General Division). Why isn't it called the Superior Court of Justice, because that's what they're called in all the other provinces, save and except where they're called the Court of Queen's Bench?

Quite simply, I think the Superior Court of Justice also has the advantage of being a name that accords with the description of the high court as set out in the Criminal Code, so it's a much more appropriate name. I think as well that the Ontario Court of Justice reflects the court that is within the purview of the province of Ontario, so that these names are much more accurately descriptive and satisfying to the judges and to the public.

1630

**Mrs Boyd:** Do you say that in fact your plan is for the appointment process to be the same as justices of the peace and that that is the method by which you would get some input from the interested parties, including the public? I'm very curious as to why that isn't spelled out in the bill.

**Hon Mr Harnick:** I don't believe that it has to be spelled out in the bill. The difficulty with the appointment of the position of master is that it is a highly technical position and it's a position that I believe has to reflect the confidence of the bar. What I'd point out to you is the fact that we are not appointing criminal or family court judges this way. We are appointing an individual who does a highly technical job and I suppose a job that the public would have very little ability to understand, so I'm concerned that people who are

appointed as masters have the technical ability to deal with the rules of civil procedure, which are complicated, which involve a huge amount of jurisprudence. Can I see your rules, John?

For the benefit of the committee, these are the 1996-97 Ontario rules of civil procedure. I can tell you that some years ago the rules were amended. They used to have some 650 rules. What they did some years ago is they narrowed it down to about 76 rules, but with subsections and everything else, there are probably well over 700 now.

This is not a simple position, but it's a position where someone has to have an incredible ability to understand a very intricate, very esoteric and, quite frankly, very unexciting aspect of the law but a very necessary aspect of the law, and it's certainly my intention, if the appointment process is set up the way we've indicated, to make sure that the appointment of these individuals will be with recommendations from the bar in particular and the judges, on the basis of people who possess the very intricate knowledge of this book.

I can tell you that it is not a parallel to talk about people who would be appointed to this job as compared with people who might be seeking a judicial appointment. Yes, there may be people who can aspire to both, but quite frankly, this is a very, very unique job. If you take a look at over the years the people who have been appointed to this job, they have been outstanding quite simply because they are a unique breed of individuals who have an affinity to understand the rules of civil procedure.

**Mrs Boyd:** So you're saying it wouldn't be like the justices of the peace; in fact there wouldn't be public membership on these committees?

**Hon Mr Harnick:** We will attempt and endeavour to ensure that there is public membership on these committees, but remember that, again, we're not talking about an appointment of an individual who has a large degree or component of public involvement in the execution of his or her duties, but we will endeavour to ensure that there is a public component, so for instance, if the Advocates' Society is going to review applications, we would ensure that the Advocates' Society has some public representation on their body that could review these kinds of appointments. We can do the same with the Canadian Bar Association and any other groups that might be interested in reviewing these appointments. But the most important aspect of choosing a master is that someone has to have an affinity for the job of dealing with the interpretation of very complicated rules.

**Mrs Boyd:** Now you've really confused me, because you said it was going to be the same as justices of the peace. In the case of justices of the peace, there are representatives of different lawyers' groups — that's what the Advocates' Society is — and members of the public. This sounds very different from saying you'd have it reviewed by the Advocates' Society and make sure they have public input. That's a very different issue.

**Hon Mr Harnick:** No, no, that's not what I'm saying. What I'm saying is that we would like to see the appointments reviewed by a group such as — and I say this as an example — the Advocates' Society, but we would

want to see, as part of that committee review, some public involvement with the Advocates' Society to review that application. That's something we would want to see.

**Mrs Boyd:** This review would then come in front of this appointments committee that gets advertised and —

**Hon Mr Harnick:** If the Advocates' Society were to review a particular appointment, we would want a component involved with the Advocates' Society's committee that would reflect and include public involvement.

**Mrs Boyd:** I really suggest you retract that you're going to appoint these the way you do justices of the peace, because that's not the way justices of the peace are appointed.

**Hon Mr Harnick:** Justices of the peace are appointed as a result of a committee that's involved with the bench, the bar and the public sitting as a committee together.

**Mrs Boyd:** That's right.

**Hon Mr Harnick:** That's exactly what I'm saying. The Advocates' Society would have representation. There would be representation with the Advocates' Society of members of the public and somebody who would represent the Chief Justice who could then review the applications that would come in. It would be very, very similar to the way we appoint justices of the peace.

**Ms Cooper:** It will be a community process. When we're ready to appoint a master, for example for Windsor, you'd have a community process much like the JP process that would have bench and bar and ministry and public reps screening all of those applications and then interviewing and selecting from that list for recommendation to the chief and then through to the Attorney General.

**Mrs Boyd:** That sounds wonderful, except for justices of the peace it's in the Courts of Justice Act. What you're saying is, "Trust us; this is just going to happen." Is it not in the Courts of Justice Act?

**Mr John Twohig:** No, Mrs Boyd, I don't believe it's in the Courts of Justice Act.

**The Chair:** Excuse me, I don't want to interrupt, but could you identify yourself for the purposes of the record?

**Mr Twohig:** John Twohig from the Ministry of Attorney General. Mrs Boyd, I don't believe that's in the statute.

**Mrs Boyd:** I thought it was. I'm sorry. I beg your pardon.

**Mr Twohig:** No. So in that sense, it's similar to the justice of the peace process in that they're local committees and neither process would be in the statute, although eventually they may end up there.

**Mrs Boyd:** Yes, that's fine.

The second question I had for you on this kind of an issue is, obviously these folks, although they may not be seen by the public very much, have a great deal of power. Just the very first power of deciding what is a matter of dispute could be a fairly significant power, couldn't it?

**Hon Mr Harnick:** I don't think they decide what is a matter of dispute.

**Mrs Boyd:** They decide what is going to actually move forward into the adjudication process.

**Hon Mr Harnick:** No, I don't think they do at all. I think that what they do is they review pleadings to make sure that there are aspects of a pleading that aren't inflammatory, frivolous, vexatious; that when you plead in a case, you have to plead facts, not evidence, so that they may say that's evidence, it's not fact. Because the pleadings really set the goalposts of a lawsuit.

I also tell you, and it's important to note, that any decision made by a master on an interlocutory motion is appealable, so that you will appeal any decision to the weekly court. It's not in the run-of-the-mill case. That is not an expensive or onerous proposition; it's really a hearing de novo of an interlocutory matter before a single judge of what is now the Ontario Court (General Division).

**Mrs Boyd:** But you foresee these people doing this process in family law as well, which is a slightly different matter.

**Hon Mr Harnick:** It could evolve to that, but initially case management will not involve family law cases. I think to put in perspective the role of the master is to take a look at the masters that we now have and the role they now play and the function that they now play and to say, "How are these masters going to be different?" They're going to have that same role as the existing masters, but in addition they will also have the administrative role that case management would provide. So that is the extra dimension, and that extra dimension involves almost totally the keeping of cases on the track that involves pushing lawyers to make sure that they're maintaining the time limits that are set out.

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**Mrs Boyd:** If you were to expand case management masters into the family law area, my reading of the act is that you would not need another change to the act, that in fact that's just a process of change that you would institute administratively. So this does in fact give power to have case management masters in any aspect of the civil justice system.

**Hon Mr Harnick:** What I say to you is yes, that's so. What I also say is that masters have for a long time been involved in family law. The master's role in family law has become very much diminished as a result of the expansion of the Unified Family Court, so I think the development of that court will have a great deal to say about the direction we move in.

It's certainly our hope, and you're well aware of this, that the Unified Family Court expand and develop its own process to deal with matrimonial and family cases and that that court really be the specialized arbiter of those issues. You are right that it can impact and there can be involvement of masters, but that is nothing new.

**Mrs Boyd:** In the Civil Justice Review, in addition to what you would now call case management masters and what they just called masters, there was another part to this team. There was the case management judge and then there was the case management master and then there's the case management administrator.

I'd be really interested because one of the issues I raised in talking to the bill was how you envisage the very necessary administrative supports to both the case management judge and to the case management master to



ensure that all this happens, and the position of case management administrator — I believe that was the terminology used in the Civil Justice Review — was there.

I'm curious as to whether you envision a bit of a shift within the administrative structures so that you have an equally capable administrative person who can give the kind of support to the judge and the case master and this kind of direction, quite frankly, to the rest of the court administration staff to ensure that this all works in one sort of seamless flow.

**Hon Mr Harnick:** I'm going to let Debra deal directly with that.

**Mrs Boyd:** She's fairly familiar with case management review.

**Ms Debra Paulseth:** Yes. That's absolutely correct, Mrs Boyd. We have looked at reallocating our current trial coordinators and we will have a case management coordinator attached to the judicial team. As well, this case management master would share some administrative support because — I know you're well aware — we're trying to look at allocating all of our resources from administrative resources to our most expensive and rare resources, the judicial resources, to where they're really needed. So we're using the administrative wherever possible to make very uncomplicated decisions, matters on consent that could go before an administrative person, to these more technical matters that the master will deal with and then our judges in the trial situation.

If I could just add with respect to the family law matter as well, the authority for these case management masters will be set out in more detail in these one set of case management rules which we are dealing with as well that will be the uniform set for the province.

As I know that you know, Mrs Boyd, there is also a family rules committee that is looking at one set of family court rules for the province, and there will then be an effort to go with the one set of family case management rules. There is not quite yet consensus as to the role of the master in the family area. It has been different in different parts of the province and has played a different role. I think we're also aware of the recommendations in the first report of the review that said interim matters in what will be the Superior Court are so important in family law that the recommendation there was that masters not deal with those interim matters of custody and access and children's issues. So that is not touched by any of the proposals today.

**Mrs Boyd:** The reason I'm asking is that the section of the bill that refers to the family rules committee clearly anticipates that you would want to have representatives of case management masters on the family rules committee. It's important to show that you are enabling yourself to take steps in future that you're not taking yet.

I'm sorry my colleague from Downsview isn't here because she was quite strongly critical that you weren't accomplishing very much in this act, and one the reasons I really wanted you to come and appear is that in fact you're laying the groundwork for a lot of the changes that need to happen, and it's important for people to understand that, yes, this first step may not accomplish everything, every miracle that people want, immediately,

but in the long run, you're setting out a process by which you can accomplish that.

It's a plan that was done in conjunction with the public and the bar and the judiciary and courts administration. It's a really huge step, and it just seems to me that it's important for people to see that that's an integrated process and that what we see before us in the act may not look like much, but in fact may be one of the more substantial changes we've seen in the courts.

**Hon Mr Harnick:** I think as well when the province-wide rules become available, the context of this act becomes much clearer, and also — I'm entitled to get political here — there are some people who never want to understand or will never want to profess to understand what it is we're doing here.

**Mrs Boyd:** One of the things that the civil justice committee obviously also recommended was that you need the kind of technical infrastructure that's going to make this possible, and when my friend from Timiskaming was talking about forms, ideally, in the long run, you want an essentially formless system. You basically want this to be a technologically driven system.

One of the real problems I'm sure you face is how to achieve that. However many of these changes you make, without those kinds of changes, we're going to continue to see some of the criticisms that continue to rage, somewhat publicly, about the actual process and how it affects individual litigants. Can you tell us a little bit about, given the very tough financial position that the government has taken, how you plan to provide that technical infrastructure?

**Hon Mr Harnick:** Certainly. I think you're aware of the fact that we are going to begin this fall in Toronto an electronic filing project which will mean that people can now file their statement of claim electronically, and we will log that in our information system. The other aspect will be that parties, once a defence is also filed, will exchange their own documents, will keep their own documents, and when they come to court they will prepare a record that will be available for the judge that the judge will give back to them once the motion or the trial is completed.

The court will no longer become the repository of court documents that no one ever reads. What ends up happening in the court today is that we open a file, we keep the file in the clerk's office, it goes back and forth to the court and to the clerk's office every time there's a motion or we have a record prepared, and it's filed for the purpose of the motion. It goes upstairs and ultimately finds its way back into the court file.

**Mrs Boyd:** We hope.

**Hon Mr Harnick:** We hope. What we've found out is that we now have about \$9 million worth of documents we store in a warehouse every year that no one ever reads, no one ever looks at and the taxpayers continue to pay for it. The problem with the system is that it is totally paper driven. We have thousands of people whose job it is to fill these files up with paper, carry them around and then deposit them back on the shelf. The justice system has suffered a great deal because of this procedure, and we are determined that when case man-

agement is up and running it will be as paperless a system as possible.

What we're looking at is partnering opportunities with the private sector, not unlike what they've done in New Brunswick, where they've hired a consulting conglomerate to deal with how to convert their system from a paper-driven to an electronic system. We want to do that in conjunction, as they did in New Brunswick, with the private sector. We believe the private sector can find huge savings for the justice system and be paid out of those savings so that we can afford modern technology, which the ministry has never had, because it's imperative that we have this technology and the right information systems to deal with proper implementation of case management.

1650

The other aspect to it is that as we look at that technology, it would be shortsighted to look at technology only in terms of this one aspect of the system that we run. We want to, in the course of developing the right technology, have a technology information system that's broad enough to include other things that the court system is involved with, and that involves the criminal area, so we're looking for the kind of information system that can be broader than just looking at case management. You're right. It's a very important component of the success of case management.

**The Chair:** Thank you, Mrs Boyd. We have approximately nine minutes left. I think Mr Tilson had a question.

**Mr David Tilson (Dufferin-Peel):** We seem to have lost about —

**The Chair:** You can stretch it if you wish, Mr Tilson.

**Mr Tilson:** That's good, Mr Chairman.

I'd like to ask a question with respect to section 2 of the bill, which has to do with the amendment to the Charities Accounting Act, and then I'd like to ask a couple of questions on case management.

Section 2 amends the Charities Accounting Act to allow the Attorney General to make recommendations on the recommendations of the public guardian and trustee. One of the questions that has been asked from time to time is that our government, the Conservative government, has indicated it will be attempting to reduce red tape everywhere, throughout all our systems, and certainly that would not exclude courts, so the question being asked is that we're philosophically trying to remove red tape from the system and yet here we are in this bill introducing a second part of it that in fact is going to be making regulations.

**Hon Mr Harnick:** In fact we're getting away from the regulations having to be made through the Lieutenant Governor in Council and we're substituting that the Attorney General can make the regulations on the advice of the public guardian and trustee, so we're avoiding the Lieutenant Governor's regulation-making power, which has been the traditional manner of dealing with these issues.

As well, I think what we have really done is taken a look at the ability to take non-contentious matters and have them satisfied without the need to go to court when it's really not necessary on non-contentious matters, thus

saving charities a huge amount of administrative and legal costs. I think when you take a look at breaking down the need to have regulations that force people to go to court to solve very simple consent matters and involve the consent of the public guardian and trustee at the same time, what we're doing is creating a huge bureaucracy and we're trying to break that down. I think this is very consistent with what the government's approach has been in terms of cutting red tape.

**Mr Tilson:** And saving time in court, I suppose?

**Hon Mr Harnick:** Huge court time.

**Mr Tilson:** With respect to case management, we have had masters in the past in this province — I think for 100 years we had masters — my question has to do with what other jurisdictions the Attorney General's office has looked at with respect to introducing case management into Ontario.

**Hon Mr Harnick:** It's very hard to get a comparator for Ontario in terms of other jurisdictions in Canada, because they have not proceeded on the case management project to the degree that Ontario is going to proceed. Certainly the English experience where they are moving to case management and the American experience have indicated that you must have a judicial support officer to make this workable.

I think it bears noting, as we implement case management, the savings for litigants who are going to get their cases settled at a much earlier stage in litigation than they ever did before. Quite frankly, 95% of civil cases settle, but they settle after five years or when they're at the courtroom door. Now what you're doing is speeding up that process, and there has to be a tremendous saving to litigants in time, convenience and money. That's certainly what's motivating to at least an equivalent extent why we're moving in this direction.

**Mr Tilson:** You've mentioned the issue of Ottawa. Can you tell us when Ottawa will be ready to proceed with case management?

**Hon Mr Harnick:** Ottawa is going to 100% case management on January 1, 1997. They have effectively cleared the backlog that existed in their court system.

I met with Senior Regional Justice Chadwick on Friday, and he is very anxious to take the next step. His staff are all being trained in the software package that has been developed for case management in Ottawa, which I think is probably the state-of-the-art package, and I can tell you he's anxious to get the case management project to be a permanent part of the process in Ottawa and wants to have the case management supplemented with a mediation package, which we are also looking at, which will again enhance the opportunity for litigants to have their cases resolved early in the process. So that's going to become part of the case management that's developing.

**Mr Tilson:** One final question, Mr Chairman, and then I think Mr Klees has a question. I can remember when Mr Scott introduced this process — I can't remember when it was; obviously it was the late 1980s — and it was reasonably controversial, particularly among members of the bar. What reaction have you had in the consultation you and your staff have had with the judiciary and members of the bar with respect to the change of the court names?



**Hon Mr Harnick:** Certainly the members of the court have been very supportive, the public has been supportive and the profession has been very supportive of it.

There were reports in the papers that we were going to be spending \$2 million on signage, and the reporter went out to a sign company and got an estimate for \$800,000 in signage. Again, I want to emphasize that there will not be a penny spent on signage. Everyone will be able to find the courthouse in Kitchener, because it's already referred to as "the courthouse." That's what the sign says. It was never changed when it became the Ontario Court (General Division), so I have no doubt that will be accomplished and it will be accomplished at zero cost to the public.

**Mr Klees:** Minister, it seems to me that much of the logjam in the court system is by design. What I mean by that is you referred to the rules book, and I think we've probably all had experience with the legal system and the number of deferrals that are available within the system simply by virtue of the detailed rules that are there, and the more detailed rules you have, it seems, the more means and methodologies there are to delay a case.

1700

Really my question is twofold. First of all, if you're going to appoint case management masters to move things along, what authority do you envision conferring on these case managers to be able to cut through? What consequences do you envision building into the process that ensure that those vexatious, intentional deferrals on the part of the legal system, using the existing rules that are in place to legitimize that deferral — what do you envision there to give efficacy to the case management master? Second, is it your intention to reduce the number of rules to streamline that component of the justice system itself so that we can get to the heart of what the problem is?

**Hon Mr Harnick:** Certainly. Let me take the second part first. The standard rules that are going to be developed for case management, and I'm referring to the procedural rules, will lay out very specifically the time limits and the procedures that will go with case management. They will in effect, I believe, streamline the civil litigation process to a very large degree.

Don't be misled that this rule book is what bogs down the process, because it isn't. What bogs down the process is that lawyers have traditionally, and I don't say this in any right or wrong sense, dictated the speed with which cases proceed. Lawyers have always had the authority to waive time limits as between them. Everyone who works as a lawyer in the justice system has known, for instance, that a statement of claim comes in. You call up the lawyer who issued the claim and you say, "I'm going to need a month to get my statement of defence done." The answer generally is, "No problem." A confirming letter goes out saying, "I'll have my statement of defence to you in a month," and in a month the statement of defence comes. Sometimes there will be another phone call: "I just haven't gotten to it. Can you give me a couple of more weeks?" "Yeah, no problem." The next thing you know, one month has slipped to two or three months. Eventually the defence arrives, because if you move to strike it out, all that's going to happen is, because it

hasn't been struck out on the merits, a judge will restore it anyway.

The next step in the proceedings is examinations for discovery. You call up the other lawyer and you say, "I want to arrange discoveries." The lawyer says: "Well, I'm not available. It's now October. The earliest time I can do discoveries is in June or July. I'm booked every day until then." That's the usual thing.

Counsel reluctantly says: "Okay, fine. We'll arrange it for June or July." Invariably something will happen that says, "Well, you know, my client can't make it then. I can't be prepared for then. I'm involved in a trial," or whatever. So it gets delayed for another three or four or five months. Then once you finally get to discoveries, you end up having some differences of opinion perhaps on production of documents or questions that are asked. There are some motions that ensue. There are transcripts that have to be ordered. There's another period of delay. Then you may have to go back and complete the discoveries, and so on and so on and so on.

It's not too hard to see that before long, a case that should have been done in a year or a year and a half is stretching into three and four years, and then finally you set it down for trial and you wait on the trial list for another 18 months till you get a date from the court.

What now is going to happen is that the rules will set out very strict time guidelines. They will say the defence has to be delivered within such-and-such and the examinations for discovery have to be completed within such-and-such; otherwise the opposite party can move to dismiss the action or the case management master can contact the parties, have the parties attend before him, find out why the delay is going on, impose the sanctions that need to be imposed to keep the case on the track that has to be kept so that cases can get through the court system in a year and a half instead of five years. The faster you get to the trial date, the more imminent it is that the case is going to be settled. But cases need an imminent trial date to settle them, and if the imminent trial date is five years down the road, the case isn't going to settle till five years down the road. If it's 18 months down the road, that case will be settled before the 18 months is reached, if it's a settleable case. That's why it's so important to implement these procedures.

**The Chair:** I thank the Attorney General for attending today, for his presentation and answering the questions. Thank you very much.

**Hon Mr Harnick:** Thank you very much.

**The Chair:** I know you're anxious to get back to your House duties.

**Hon Mr Harnick:** I'm on my way.

**The Chair:** It is now in order for the committee to proceed to clause-by-clause. The first section we are dealing with is what I call section 1 of the act and everyone else seems to call subsection (1). However, we do have a government motion, Mr Tilson, dealing with section 1 of the bill.

**Mr Tilson:** Mr Chairman, if I could read the motion, it has to do with the amendment to the Courts of Justice Act.

I move that section 1 of the bill be amended by adding the following subsection:

“(10.1) Subsections 67(4) and (5) of the act are repealed and the following substituted:

“Tenure of office

“(4) Each of the members of the family rules committee appointed under clauses (2)(d), (e), (f), (g), (i), (j), (k), (l), (m) and (n) shall hold office for a period of three years and is eligible for reappointment.

“Vacancies

“(5) Where a vacancy occurs among the members appointed under clause (2)(d), (e), (f), (g), (i), (j), (k), (l), (m) or (n), a new member similarly qualified may be appointed for the remainder of the unexpired term.”

That's the amendment. I don't know whether members of the committee wish me to put forward a rationale for that.

**Mrs Boyd:** Yes, we do.

**The Chair:** Yes, please do.

**Mr Tilson:** That's fine.

**Mrs Boyd:** I know it's a terrible fault, wanting to know why we're doing it.

**Mr Tilson:** No, no. I just don't want to start on something if you have no problem with it.

**The Chair:** For the sake of brevity, if a matter is non-contentious, we'll proceed without comment. But where comment is requested, that's quite in order.

**Mr Tilson:** Okay. This motion corrects an error in the legislative drafting in subsections 67(4) and 67(5). In the 1994 revision of the act, the alphabetic clauses in subsection 67(2) were amended, but the corresponding changes were not made in subsections 67(4) and (5).

Subsection 67(2) sets out the membership of the family rules committee. Some members are there by virtue of their office and other members are appointed. Subsection 67(4) deals with the term of office of three years and subsection 67(5) deals with vacancies which occur during the term of appointment. Unfortunately, subsections 67(4) and (5) now incorrectly refer to members who hold a position on the committee by virtue of their office instead of to members who are there by virtue of appointment.

In other words, Mrs Boyd, this is a housekeeping amendment that corrects minor errors of the previous legislation.

**Mrs Boyd:** So it's not changing the length of the appointment and it's not changing the manner of the appointment.

**Mr Tilson:** No.

**Mrs Boyd:** It's simply clarifying that for these new members of the family rules committee, they follow the same rules as the other appointees.

**Mr Tilson:** When we get to the final report, we'll revisit the issue of the public appointments. At this stage we're not doing that. It's strictly housekeeping interests.

**The Chair:** Is there any further comment or discussion in regard to the amendment made by Mr Tilson? If not, I'll call the question. Shall the amendment carry? All those in favour? The amendment carries.

We are now proceeding to Mrs Boyd's first proposed amendment.

1710

**Mrs Boyd:** Subsection 1(11) of the bill, subsection 75(4) of the Courts of Justice Act:

I move that subsection 1(11) of the bill be struck out.

The concern here is that subsection (11) repeals the requirement in the Courts of Justice Act for the courts administration committees, which have public membership, membership from the bar, courts administration and the judiciary, to meet at least four times a year.

The reason that was put in the Courts of Justice Act in the first place was that our experience with these committees was that they didn't meet unless they were required to meet. We found that there were areas of the province where there wasn't enthusiastic judicial support for the regional courts administration committees, and therefore they were not called together unless they were required to be called together.

The issue here is that with the streamlining of these processes and the assurance that in fact there is buy-in by all those who are using the courts for the processes that are set up within the courts to make the courts more efficient, in fact it won't happen, because you'll find different groups not buying into that kind of process. It's important on these committees that they meet and that they discuss the problems that are being experienced in those particular areas on a regular basis so that problems so identified can go ahead.

The minister and the parliamentary assistant had said that this was to make things more flexible. Quite frankly, flexibility in this issue means that it will be possible for these committees not to meet and not to have the input. I think that will, in the long run, be a negative effect for the kinds of efforts that the Attorney General outlined in terms of trying to reform the procedures within the courts.

**Mr Tilson:** I have no problem debating this point, although I believe the amendment is out of order in that what you should be doing is voting whether you approve or do not approve this particular section. But I don't mind commenting on your observations.

The regional courts management advisory committee was first included in the act, as you know, in September 1990. They are composed of judges, crown attorneys, court administrators, lawyers, members of the public. They are advisory committees which are set up to discuss issues of court administration. Certainly they've played a role in assisting with court administration.

The requirement that they meet four times a year, it is felt, sometimes results in unnecessary meeting expenses. We believe the removal of the mandatory meeting four times a year will allow more flexibility with allowing the committees to decide when meetings are required.

I emphasize that there's no attempt with what this bill is doing to eliminate committees. They're still part of the Courts of Justice Act. That is, quite frankly, why our caucus will not be supporting that particular amendment, which I submit, Mr Chairman, is out of order in the first place, but I don't mind debating it with Mrs Boyd.

**Mrs Boyd:** Mr Chair, I wonder if you'd rule as to whether the amendment is out of order.

**The Chair:** He hasn't asked me to rule on it, as I understand.

**Mrs Boyd:** I'm asking you to rule on it.

**The Chair:** Okay, if you ask me to rule on it, the motion to amend is in order in that it may negate a



subsection but it does not negate the whole section. So it is in order.

**Mrs Boyd:** Thank you, Mr Chair. Then I wonder if I can add to the discussion.

What the Attorney General is undertaking in terms of reform of the court system is very substantial, regardless of what the loyal opposition has to say. It is going to be important for those changes to be monitored on a regional level in a very clear way over the next period of time.

One of the reasons we made it mandatory was our experience between 1990 and 1994, when the new Courts of Justice Act required mandatory meetings. Where we had in particular regional justices, but some of the other parties as well, who were enthusiastic supporters of court reform, those committees met. Where we had regional senior justices who were not enthusiastic about court reform, those committees were not meeting.

Therefore we were finding some of the regional difficulties that were happening, and we've talked a lot about Ottawa today. There are other regions where there were problems that were very substantial. One of the issues we discovered in looking at how to turn that around, in looking at these court backlogs — the kind of advice we got as a result of the Civil Justice Review was that it is very important to have these committees, to see them as a required part of the process if you're really going to have all parties working together.

I would like to think that they would meet if it weren't required that they meet, but that the experience was that they didn't. The problems were the greatest in the areas where these committees were not meeting and where that buy-in was not there into the kind of change the Ministry of the Attorney General was trying to accomplish.

I would say to you that there are still people within the system who see any kind of formal format in which all parties get together, particularly with members of the public, and discuss these issues as not being the way things have always been done. Where those parties are in a situation where they believe that these kinds of meetings are not productive for them, they may not take the action that's necessary to call these committees together even when it's very necessary that they be called together.

The provision was not put in the 1994 Courts of Justice Act with any lack of foresight. I'm not in any way attributing to the current minister an intention not to have the committees meeting. I am saying to you very urgently that there are others who have that intention, who have never believed it is important to get all the players together with members of the public and who resist that. If you take this out you will find what we experienced as a result of the former bill that was put forward by the Liberals and put into effect in September 1990 and when we put this in.

If you'd look at the really magnificent turnarounds that we have seen in some of those areas, it is important to understand that those committees played a role in that. If they are not called together by those who are chairs of them, it won't happen. The whole format is based on revolving chairs between the various parties that are involved. So the reality is that if there's resistance by one

group of parties to meeting, because it requires the agreement of all, they don't meet.

**Mr Klees:** My concern is that we not have process drive what's happening here. If there isn't a need for a committee to meet four times a year, why would we then insist by statute that a committee meet four times a year if there isn't anything to talk about? I understand the point you're making, but what I'd caution is that we not impose a process here that might be redundant or unnecessary. Maybe there is some compromise we can find on that point, but I think the four times a year may well lock us into something that's not needed.

**The Chair:** Mr Tilson has the floor once he gets settled.

1720

**Mr Tilson:** We've listened to some of the comments of Mrs Boyd. I ask that this matter be set down and we'll bring it back.

**The Chair:** Do we have unanimous consent that the matter be set down? It is so set down.

Before proceeding, I should say that I want to introduce members of the committee to Mr Doug Arnott, who is our new clerk. There has been a rotation. Donna Bryce was suitably thanked by the members of the subcommittee at her last meeting of this committee, and Mr Arnott is an experienced clerk and we look forward to working with him.

Our next motion is by Ms Boyd.

**Mrs Boyd:** I move that section 86.1 of the Courts of Justice Act, as set out in subsection 1(17) of the bill, be amended by adding the following subsections:

"Advisory committee

"(1.1) The Judicial Appointments Advisory Committee established under section 43 shall make recommendations to the Attorney General for the appointment under subsection (1) of case management masters and, for that purpose, subsections 43(9), (11) and (12) apply, with necessary modifications.

"Membership of committee

"(1.2) In matters relating to the appointment of case management masters, the two provincial judges who are members of the Judicial Appointments Advisory Committee shall be replaced by two judges of the Ontario Court (General Division), appointed by the Chief Justice of the Ontario Court, and subsections 43(4) and (5) apply with necessary modifications to those appointments."

This issue is around the necessity for public input, and for input from the bar and the judiciary, into the appointments of the case management masters. The minister assures us that this will happen outside of the act, and I'm much comforted by that, but I think the reality of our situation is that we have spent many years now, under three different governments, in the province trying to find a way to take the tarnish of patronage out of the picture when it comes to judicial appointments of any sort. I think we know, and we certainly know from the Civil Justice Review, that the public out there does not have the confidence in our judicial system that is necessary if we are going to have a public that really believes it is seeing justice done in the province.

I personally think that's a great mistake on the part of some people who tend to have that impression of the

judiciary. That's not been my experience of the judiciary. I think that since the issue of Appointments Advisory Committee that was set up by Mr Ian Scott, the previous Attorney General in the mid-1980s, we have seen great rigour in terms of the examination of people who come forward for judicial appointments. It is not a closed-door kind of situation. It is based on merit judged by an Appointments Advisory Committee that includes judges, members of the bar and members of the public who work very hard and spend a great deal of time going through the résumés and references of people who have applied for those positions.

It seems to me that process and the process now in place for justices of the peace is a very important part of the kind of change we want to see in terms of those very important public processes. It supports judges in their work if the public can see they are there because of merit and not because they happen to know someone or belong to whatever party was in power at the time they were appointed.

Everyone is not equally comfortable with the appointments advisory process. The federal Liberal government looked at our process and rejected it quite openly because it did not allow them to appoint to federal judgeships the people they wanted to appoint.

That has been the history of the appointment of judges throughout time, and I think that big steps were taken in Ontario. We are studied worldwide for our Judicial Appointments Advisory Committee. People have come to visit us from all over the world to look at how that process works and what kinds of qualifications are being asked for.

The reality is that if someone is a case management master working with judges, working with lawyers, making quasi-judicial decisions over a period of seven-plus years, however many three-year appointments they get, they will naturally be considered to be more qualified than anyone else for the position of provincial judge because they've already been doing some of that work.

It seems to me it's really important that the initial process of choosing those people be clearly based on merit, clearly based on what we expect of these people and how they will be looked at in terms of that process of reappointment and the process of discipline.

The process of discipline is looked at here to some extent for case management masters, and that's good, although you will see we are proposing that there be a little bit of a change in that. But to leave the appointments advisory process for case management masters out of this act I think does a disservice to the task the minister is trying to accomplish here. I think it will not make it easier for case management masters to be accepted by the public at large, and I would suggest perhaps even by the bar and judiciary, and I anticipate that there would be some difficulties with people accepting this new system until they really understood it to be in the best interests.

Our position would be, because these are judicial appointments in a very real sense, that there needs to be some process. The minister has told us today that there will be a process and that the process will be similar to

the justice of the peace committee. It may well be that members of the committee are satisfied with that.

I would like to see it enshrined under the act because the temptation to create a patronage pool is there for all of us. This is not a reflection on any one party. It has been the history of these kinds of appointments in the past in this province and, as is alleged, certainly presently in many other jurisdictions.

I say it would add to the repute of what the minister is trying to accomplish if this were part of the bill, as opposed to something that was set by order in council later. In particular the way these appointments are made needs to be laid out in a very clear way, and the minister needs to be held to that in a very real way if this new position is to gain the kind of confidence it needs to accomplish the kind of change in the system it's going to have.

**Mr Tilson:** Mrs Boyd and Mr Harnick had some debate when Mr Harnick made his presentation to the committee. I won't repeat all of what he said but I will comment on some things. He compared the provincial judges in Ontario, who are appointed for life and have complete security and tenure and compensation — the case management masters are quite different. They are appointed for a term of seven years, which can be renewed for a further three years.

The purpose of case managers is to make the system run more smoothly. As Mr Harnick commented, it will be very rare that the masters will have anything to do with the public. They'll be mainly dealing with lawyers. In fact, instead of the lawyers controlling the agenda, it will be the judicial system. Really, when you look at what the masters are doing, they're doing a rather different role than what the judges are doing.

1730

To repeat what Mr Harnick said and why our caucus is opposed to your submissions — and I must say, if I could interrupt, we appreciate your experience as a former Attorney General, coming to this committee and offering your insight, having gone through an experience in the previous government, but with respect to this particular issue, we do not support what you're saying, for the reasons that Mr Harnick said. Further, it's a completely different court from the court where provincial judges sit.

**Mrs Boyd:** Mr Tilson is quite right, it is for seven years, but reappointment thereafter is at the behest of the Chief Justice. Unless the person is really awful at their job — in which case I would have thought, given your proposal around discipline, that the Chief Justice would have brought the disciplinary process into play — these people are essentially being appointed for life. The reality here is they are being appointed for life: Seven years on a political appointment, with the reappointments to be done by the Chief Justice. While the Chief Justice obviously would be looking at performance, I suggest that unless there have been a number of disciplinary items, it would be very unusual for a Chief Justice to not reappoint someone who was doing a decent job. The reality is we are talking about life. We are talking about somebody having a good deal of influence over how our justice system works for a very considerable period of time.



It seems to me that it's in the best interests of all of us to be sure that we are hiring these people based on merit, not based simply on who they know; that we do not have a whole class of people who in other times might have hoped that their political friends, no matter what party they are — and I'm being very clear about that — no matter what party they are, they no longer have access, because of public appointments processes, to provincial judgeships on that basis or to justices of the peace on that basis. This could be seen as another pool.

I would be much more comfortable if the Attorney General were willing to put into the act the process that he has suggested. I think it's a good process. I think it would allay my fears absolutely. But because it's not in the act, it is within your power as a government, within any other subsequent government's power, to simply appoint these people through patronage, and that is not appropriate.

**Mr Tilson:** I understand what you're trying to say, that you want this enshrined in the act. I can only emphasize that what is currently enshrined in the act for judges, we believe that because of the nature of what the master is doing — they are, generally speaking, administrative functions. We are talking about a completely different — I was going to use the word “animal” — a completely different institution.

As well, which again doesn't answer your concern of enshrining it in the act, Mr Harnick today made a comment of advertising and receiving counsel from different groups and then finally receiving counsel from a local committee. I understand your saying: “Yes, thank you very much. That's not good enough. I still want to enshrine it in the act.” I guess at that point I can only conclude, without repeating what I've already said, that we believe that the type of work the master is going to be doing is quite different from what a judge is doing. The judge is making judicial decisions; the case master is making administrative, technical-type decisions.

**The Chair:** Is there any further comment before I put the question? Shall the amendment proposed by Ms Boyd carry?

**Mrs Boyd:** Recorded vote, please.

#### Ayes

Boyd, Ramsay.

#### Nays

Doyle, Hudak, Ron Johnson, Klees, Leadston, Parker, Tilson.

**The Chair:** The amendment is lost.

We are proceeding to the next proposed amendment of subsection 1(17) of the bill. Ms Boyd.

**Mrs Boyd:** I move that subsection 86.1(9) of the Courts of Justice Act, as set out in subsection 1(17) of the bill, be struck out and the following substituted:

“Standards of conduct

“(9) The Chief Justice, with the approval of the Judicial Council, may establish standards of conduct for case management masters.”

The issue here of course is how we are going to be sure that case management masters, who clearly are going

to have a very important role to play, are held to a code of conduct that is a judicial code of conduct. These people may be different from judges in some ways, but many of the powers they are given under section 86 of this bill are judicial in nature. They are safe from liability, as are judges, specifically set out in this bill, and so the code of conduct is extraordinarily important.

The Judicial Council is made up of members of the judiciary, all levels of the judiciary, and the bar and the public, and it seems to me that it is appropriate for the Chief Justice to have the approval of the Judicial Council to establish these codes of conduct so that there is buy-in from all those people around those codes of conduct, so that they own it, so that when they complain about the behaviour or the conduct of a case management master — and I can assure you many will. When the case management master has to do exactly what has been described here to keep these cases on track, despite what lawyers want, that is going to create a lot of problems. It seems to me that having the code of conduct established by the Chief Justice but approved by the Judicial Council would give them a greater level of authority to actually accomplish what they want to accomplish.

I think Mr Klees's question earlier, how are they going to actually have the authority to do this — or somebody asked it earlier; I thought it was you — is a very important one. One of the real issues here is making sure that their status and the confidence that all of these groups have in them and the confidence that they have in the conduct of their business is there so that they will have that kind of authority and will be able to do the very delicate job that they've been assigned.

I don't understand why it would be any different than it is in the Courts of Justice Act for provincial judges. Because that adds authority to their code of conduct, it seems to me it would be appropriate for it to be here.

**Mr Tilson:** I have the Attorney General's Rules of Practice before me, and I'm referring particularly to section 49 of the Courts of Justice Act, which deals with the Judicial Council. I presume you're familiar with that, Mrs Boyd. It lists off the various people who are involved in the Judicial Council. There's the Chief Justice of Ontario, who is Mr McMurtry; the Chief Judge of the Provincial Division; a regional senior judge of the Provincial Division; two judges of the Provincial Division; the treasurer of the Law Society of Upper Canada; a lawyer who's not a bencher of the Law Society of Upper Canada; four persons who are neither judges nor lawyers, appointed by the Lieutenant Governor in Council on the Attorney General's recommendation. None of these people has anything to do with the General Division.

Currently the Judicial Council deals with complaints about the conduct of Provincial Division judges, and section 49 outlines what it's composed of. Currently this council has no role whatsoever to play in cases which are heard by the current General Division, which is the new Superior Court of Justice, so we believe it would be completely inappropriate to have a court which has no role or oversight for case management masters to approve standards developed by the Chief Justice of the General Division.

1740

The comments I would be making in addition to that would be similar to the comments I made with respect to your previous amendment. In other words, this is a completely different institution and it has absolutely nothing to do with the General Division.

**Mrs Boyd:** What you say is only true to some extent. The cases that may end up in General Division, depending on the way in which — certainly family cases, and this anticipates family cases being looked after by case management masters. Family cases deal in provincial court and family cases are clearly anticipated by you to be added to the responsibilities of these case management masters; otherwise you wouldn't be adding them to the family rules committee. So the reality is that that may be true for civil actions that are only dealt with in the General Division, but it certainly isn't true for family matters.

I share the Attorney General's wish that the Unified Family Court will become the reality across the province. It's not the case now and it will be a very long time before we can be sure that the federal government will appoint enough section 96 judges to have that happen. The reality is, in the meantime, I do not believe the minister is going to be able to wait to have case management masters involved in family law matters. Given the experiments that have happened at 111 Jarvis and the necessity for case management within the family court division, I think that is very important. It's nowhere more important around codes of conduct than it is in terms of family law, because all of us as MPPs know that when we are getting complaints about what is happening in the courts, the vast majority of those complaints are coming to us as a result of the problems in family law area.

**Mr Tilson:** I can only comment on that that one of the staff, Debra Paulseth, who I believe you know, made comments this afternoon that there were no plans to move the case management matters into the family law area. I can only repeat that these types of cases have nothing to do with the General Division. I know what you're saying, if you start getting into family law, but that statement has been made and I believe at this particular point in time that has to be relied on.

**Mrs Boyd:** With respect, I think if you look at Hansard, you will see that there was a clear admission that this opens the gates that no one has to come back to do anything in the law to change the fact that case management masters would be looking after family law. There's absolutely nothing required, and in fact you clearly anticipate that it will.

**Mr Tilson:** No, I don't believe that was made —

**Mrs Boyd:** The family rules committee changes clearly put you in a position where you are enabling case management masters to work with the family rules committee, so you do clearly anticipate this at some point.

**Mr Tilson:** There's been no agreement on rules on that particular point. I can only repeat that at this stage it's speculation by Mrs Boyd, and at this particular point we say that we're talking about a completely different institution.

**Mrs Boyd:** Then why did we just pass amendments to put case management masters on the family rules committee? They have nothing to do with family rules, if that's what you're doing, so why did you need that section and why did you make changes to it?

**Mr Tilson:** The motion didn't deal with case management masters.

**Mrs Boyd:** Subsection (10.1) does not deal with —

**Mr Tilson:** No. As indicated, Mrs Boyd, we can only say it was a housekeeping change, a technical change, and did not do what you're suggesting.

**Mrs Boyd:** It doesn't add case management masters to it?

**Mr Tilson:** No.

**Mrs Boyd:** I think your explanatory note suggested that it did. Am I wrong? I may well be and I'll certainly be happy to withdraw those comments if indeed that's the case. It certainly wasn't my understanding that this was the issue.

**The Chair:** What section are you referring to, Ms Boyd?

**Mrs Boyd:** The first amendments that we did, Mr Chair. My understanding of the changes that were there in terms of the act — I'm wrong. I'm just looking at it and I'm wrong, so I withdraw those comments about the family rules committee. You're quite right. It was two lawyers, not two case management people, who were being added, so I apologize.

**Mr Klees:** Just by way of clarification, it's my understanding that it's the intention that the rules of conduct or the authority that's to be conferred on the case management masters will be conferred by regulation. Is that correct?

**Mr Tilson:** Maybe I could let Mr Twohig comment on that.

**Mr Twohig:** The jurisdiction of the case management masters, as with masters, is conferred for the most part by the rules of civil procedure. Those rules of civil procedure are recommended by the civil rules committee, which is composed of judges, lawyers and personnel from the courts administration division. They recommend rules to the legislation and regulations committee of cabinet and they find their way into the regulations in that way.

**Mr Klees:** So there will be somewhere within that body some rules and regulations to which the case management masters will have to adhere?

**Mr Twohig:** Their jurisdiction will be set out in those regulations, but not their code of conduct. That's what this motion concerns: what their ethical code is and how they should make their decisions, rather than what decisions they can make.

**Mr Klees:** Can you give me some idea of where in fact they will get their direction regarding their code of conduct?

**Mr Twohig:** There isn't a code of conduct for case management masters. I think it's fair to say there isn't a code of conduct for masters or as yet even for Provincial Division judges. Bill 79 says that if there should be a code of conduct, ethical standards as to how case management masters should conduct themselves, that should be devised by the Chief Justice of what will be the Superior Court of Justice. Mrs Boyd's motion says that



in addition to the Chief Justice proposing them, they should be approved and agreed upon by the provincial judicial council.

**Mr Klees:** Thank you for that clarification.

**The Chair:** Is there any further comment before we deal with the proposed amendment? If there's no further discussion, I'll put the question: All those in favour of the amendment, say "aye." Did you wish a recorded vote, Ms Boyd?

**Mrs Boyd:** Yes.

**Ayes**

Boyd.

#### **Nays**

Doyle, Hudak, Ron Johnson, Klees, Leadston, Parker, Tilson.

**The Chair:** The motion is lost.

As the time is now five to 6 and we have one more amendment proposed in regard to section 1 and then we would continue with the motion we set down earlier — I would suggest that hopefully Mr Tilson will have instructions in regard to the earlier motion and we could then proceed tomorrow at 3:30 — I would therefore adjourn the hearing to tomorrow at 3:30 pm in the same room.

*The committee adjourned at 1751.*











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#### **Also taking part / Autres participants et participantes:**

Hon Charles Harnick Attorney General  
Ms Heather Cooper Assistant Deputy Attorney General  
Ms Debra Paulseth director, Metropolitan Toronto regional office, ATG  
Mr John Twohig counsel, policy branch, ATG

**Clerk / Greffier:** Mr Douglas Arnott

**Staff / Personnel:** Mr Andrew McNaught, research officer, Legislative Research Service  
Mr Mark Spakowski, legislative counsel

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Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

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# Journal des débats (Hansard)

Mardi 22 octobre 1996

**Standing committee on  
administration of justice**

**Comité permanent de  
l'administration de la justice**

**Courts Improvement Act, 1996**

**Loi de 1996 sur l'amélioration  
des tribunaux**



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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Tuesday 22 October 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Mardi 22 octobre 1996

*The committee met at 1530 in room 228.*COURTS IMPROVEMENT ACT, 1996  
LOI DE 1996 SUR L'AMÉLIORATION  
DES TRIBUNAUX

Consideration of Bill 79, An Act to improve Ontario's court system, to respond to concerns raised by charities and their volunteers and to improve various statutes relating to the administration of justice / Projet de loi 79, Loi visant à améliorer le système judiciaire de l'Ontario, à répondre aux préoccupations exprimées par les oeuvres de bienfaisance et leurs bénévoles, et à améliorer diverses lois relatives à l'administration de la justice.

**The Chair (Mr Gerry Martiniuk):** Good afternoon, ladies and gentlemen. We have a quorum and we will proceed with our clause-by-clause consideration of Bill 79. We had an amendment moved by Ms Boyd to subsection 1(11), and I understand there has been an arrangement with Mr Tilson that that amendment will be withdrawn and Mr Tilson will move an amendment in its stead.

**Mr David Tilson (Dufferin-Peel):** That's correct, Mr Chairman. This involves the regional courts management advisory committee. You may recall we debated that and I asked that that motion be set down. Mrs Boyd and I have agreed.

**The Chair:** Is it agreed that your motion is withdrawn, Ms Boyd?

**Mrs Marion Boyd (London Centre):** Yes, it is, Mr Chair.

**The Chair:** Mr Tilson, would you please read into the record the new amendment.

**Mr Tilson:** I believe all members of the committee have this. I think it was distributed.

I move that subsection 1(11) of the bill, as set out in section 75(4) of the Courts of Justice Act, be struck out and the following section be substituted:

"(11) Subsection 75(4) of the act is repealed and the following substituted:

"Frequency of meetings

"(4) The committee shall meet at least once each year."

**The Chair:** Is there any discussion or questions regarding the amendment moved by Mr Tilson? If not, I will call the question. All those in favour? Against? That amendment is carried.

We are now proceeding to a proposed amendment of subsection 1(17). We have to read it into the record.

**Mrs Boyd:** I move that section 86.2 of the Courts of Justice Act, as set out in subsection 1(17) of the bill, be struck out and the following substituted:

"Complaints

"86.2(1) Sections 51.3 to 51.8 apply to case management masters, with necessary modifications, in the same manner as to provincial judges.

"Same

(2) When the Judicial Council deals with a complaint against a case management master, the following special provisions apply:

"1. One of the members of the Judicial Council who is a provincial judge shall be replaced by a case management master. The Chief Judge of the Provincial Division shall determine which judge is to be replaced and the Chief Justice of the Ontario Court shall designate the case management master who is to replace the judge.

"2. Complaints shall be referred to the Chief Justice of the Ontario Court rather than to the Chief Judge of the Provincial Division.

"3. Subcommittee recommendations with respect to interim suspension shall be made to the appropriate regional senior judge of the General Division, to whom subsections 51.4(10) and (11) apply with necessary modifications."

The purpose of the amendment is to try and achieve the same level of accountability around discipline matters for case management masters as exists in the Courts of Justice Act when it deals with other members of the judiciary and the quasi-judiciary. I know the government is going to say, "Well, case management masters deal with issues in the General Division which is a federally appointed division rather than in the Provincial Division, which will be renamed by this bill, and therefore it's not appropriate for that to happen."

I just point out to the members of the government that what that de facto means is that you are creating a whole class of quasi-judicial people for whom there is no accountability, effectively, because the federal government is responsible for any changes to the Judicial Council, the federally appointed judges' Judicial Council, who would normally have some authority in terms of accountability here. The provincial government is creating that whole class of people and then says they can't have the same accountability as provincially appointed judges, because in fact they are only doing their work in the General Division.

We see that as a very real problem in terms of the level of accountability that is trying to be achieved in the courts of justice. I know that yesterday there were arguments made that there's not the same problem with these people because they don't deal with the public. The reality is there can be similar problems with discipline, with lack of due process among these people, as there could be anywhere else, and what the government has



done by setting it up this way is making these people not accountable to anyone. They are not civil servants, because they're being appointed by order in council, and they are not going to have any line of accountability except to the Chief Justice.

I do not think that is in accordance with the actions that are being taken across the country in terms of accountability in the judiciary. While I certainly hope that there would not be very many discipline problems, I frankly anticipate, given the work that these folks are being given to do, in other words, as was very clearly stated by both the minister and parliamentary assistant yesterday, that their job is going to be to make lawyers follow rules they've never had to follow before, that they are going to change the whole process whereby the courts ran at the pleasure of the timetable of lawyers, now it's going to run to the timetable that's set in the case management system, and I think we would all be very naïve to think there aren't going to be lots of complaints against these individuals, and there will be, I think, questions raised about the accountability of these folks, not necessarily by the public, but within the system itself.

That's why we're suggesting it. We understand the problem with it, given the jurisdictional issue, but we would say to the government that we think this is going to affect your ability to make these folks as effective and then as accepted as they really ought to be.

**Mr Tilson:** I think Mrs Boyd is right. We had this debate yesterday on this type of philosophy, and I repeat, I think we're all aware of the work Mrs Boyd did with respect to Judicial Councils, although they existed before that. There's no question that as a result of her amendments, the council was given more structure, brought more people in. I understand all that and I think we respect the work that you've done.

Mrs Boyd essentially gave my reply, actually, so we all know what each other's position is, so I will briefly repeat that the Judicial Council deals with complaints against provincial judges and that the insertion of one case management master on a body otherwise dominated by the Provincial Division will do nothing to advance, in our view, the expertise of the Judicial Council.

Further, we believe it's not equipped to deal with complaints against case management masters. The major thrust of Mrs Boyd's amendment appears to be that of accountability. She can correct it, but that appears to be her thrust, and again I will repeat the arguments that we made yesterday in opposition to her previous amendments.

There are two arguments against it. The first is with respect to tenure, which is seven years, which can be renewed, and, second, the Chief Justice of the General Division is responsible for the supervision and assignment of duties for case management masters, and that is the accountability. I know Mrs Boyd will disagree with that and say that's no accountability. Hence, I guess, we've come to an impasse.

1540

**Mrs Boyd:** I think it's interesting that the government is satisfied to let a federally appointed General Division Chief Justice be the body of accountability for a provin-

cial employee, and a whole new class of provincial employee. I think this is a real flaw in the plan that's been set forward. But under the circumstances, the force of the argument around the inappropriateness of putting these people into Judicial Council and the reality that it might weaken Judicial Council in terms of its major tasks that it has leads me to withdraw the amendment.

**The Chair:** For purposes of the record, Mrs Boyd has withdrawn that particular amendment. The record shows that and we will now deal with section 1, as amended.

Is there any further discussion or questions in regard to section 1, as amended? If not, I'll call the question. All those in favour? All those against? Section 1, as amended, carries.

Section 2: There is a government amendment.

**Mr Tilson:** This deals with subsection 2(2) of the bill, the Charities Accounting Act.

I move that subclause 5.1(2)(a)(iii) of the Charities Accounting Act, as set out in subsection 2(2) of the bill, be struck out and the following substituted:

"(iii) directors of corporations described in subclause (ii) or of such persons described in subclause (i) that are corporations, or"

Subclause 5.1(2)(a)(iii) refers to subclauses (i) and (ii). These references were inadvertently reversed during the bill's drafting, so this is to correct a drafting error. The reference to (i) should be to (ii) and vice versa, and this amendment corrects that error.

**The Chair:** Is there any discussion regarding the amendment? If not, I'll call the question. All those in favour of the amendment? All those against? The amendment is carried.

Is there any discussion in regard to section 2, as amended, or questions? If not, I'll ask the question. Shall section 2, as amended, carry? All those in favour? The motion is carried.

I understand, subject to correction, there are no amendments in regard to sections 3 to 7, inclusive, and I will ask the question in regard to sections 3 to 7, inclusive. First, is there any discussion or questions in regard to sections 3 to 7? If not, I pose the question, shall sections 3 to 7, inclusive, carry? All those in favour? All those against? The motion is carried.

We are now proceeding to section 8 and I understand there is a government amendment.

**Mr Tilson:** I move that the table to section 8 of the bill be amended by striking out "Trial Court of Ontario" and substituting "Court of Ontario."

This section will rename the overarching umbrella as the Court of Ontario instead of the Trial Court of Ontario. The Chief Justice and the Chief Judge originally suggested the name "Trial Court of Ontario." Upon further reflection, we were informed that the judiciary now believes that the name should be changed. The current Provincial Division and the General Division courts hear appeals. For example, in the Provincial Division a provincial judge hears appeals from the provincial offences court and the General Division and the Divisional Court branch hears appeals from the Small Claims Court and appeals from various tribunals. It's not entirely accurate to refer to the court before as the Trial Court of Ontario and that is the rationale for this amendment.

**The Chair:** Is there any discussion in regard to the proposed amendment of Mr Tilson?

**Mrs Boyd:** Just a comment. I hope you don't find that they want another name change in another couple of days. This has been talked about for a long time, so I appreciate how annoying it is when that kind of thing happens.

**The Chair:** Very much so. Is there any further discussion in regard to the amendment of Mr Tilson regarding the change of name? If not, I'll pose the question. All those in favour of the amendment? All those against? The amendment is carried.

Shall section 8, as amended, carry? All those in favour? All those against? Section 8, as amended, carries.

We are proceeding to section 9 and there are two government amendments.

**Mr Tilson:** The first is to subsection 9(1), which is similar to the previous amendment that I just made.

I move that the table to subsection 1.1(1) of the Courts of Justice Act, as set out in subsection 9(1) of the bill, be amended by striking out "Trial Court of Ontario" and substituting "Court of Ontario."

The same rationale applies.

**The Chair:** Is there any further discussion in regard to that amendment? I ask the question. Shall the amendment carry? All those in favour? The amendment carries.

You have a second amendment to section 9.

**Mr Tilson:** This has to do with subsection 9(2) of the bill.

I move that section 10 of the Courts of Justice Act, as set out in subsection 9(1) of the bill, be struck out and the following substituted:

"Court of Ontario

"10(1) The Ontario Court of Justice is continued under the name Court of Ontario in English and Cour de l'Ontario in French.

"Divisions

"(2) The Court of Ontario shall consist of two divisions, the Superior Court of Justice (formerly the Ontario Court (General Division)) and the Ontario Court of Justice (formerly the Ontario Court (Provincial Division)).

"President

"(3) The person who is the Chief Justice of the Superior Court of Justice shall also be the president of the Court of Ontario."

This motion accomplishes two purposes: First, it amends the umbrella court name from the Trial Court of Ontario to Court of Ontario. Again, the same rationale that we've given for the previous two motions applies. Second, the motion deletes reference to the Chief Justice of the Superior Court of Justice being the Chief Justice as well as the president of the Court of Ontario. This is accomplished by deleting reference to the words "Chief Justice" in subsection 10(3).

**The Chair:** Is there any discussion or questions regarding the proposed amendment? If not, shall the

amendment carry? All those in favour? The amendment is carried.

**Mr Tilson:** I have a further amendment for which the same rationale applies that I've been giving. It has to do with subsection 9(8) of the bill.

I move that subsection 9(8) of the bill be amended by striking out "Trial Court of Ontario" and substituting "Court of Ontario."

**The Chair:** Is there any discussion regarding the motion of change of name? If not, shall the amendment carry? All those in favour? The amendment is carried.

**Mr Tilson:** The final government amendment is to subsection 9(10) of the bill.

I move that subsection 9(10) of the bill be amended by striking out "Trial Court of Ontario" and substituting "Court of Ontario."

The same rationale applies.

**The Chair:** Is there any further discussion or questions regarding the amendment? If not, shall the amendment carry? All those in favour? The amendment is carried.

Ms Boyd, there is an amendment to subsection 9(14) of the act.

**Mrs Boyd:** This amendment would have been consequent on the other amendments that have already been defeated or withdrawn and therefore I withdraw these amendments.

**The Chair:** You are withdrawing the amendment. The amendment is withdrawn.

I am now about to pose the question regarding section 9, as amended. Is there any further discussion or questions in regard to section 9, as amended? If not, all those in favour of section 9, as amended? Shall it carry? Section 9 is carried.

I do not believe there are any amendments in regard to sections 10, 11 and 12. I therefore pose the question, shall sections 10, 11 and 12 of the bill carry? Is there any discussion in regard to those sections? If not, all those in favour? Sections 10, 11 and 12 are carried.

Shall the short title of the bill carry? All those in favour? Carried.

Shall the long title of the bill carry? Is there any discussion? All those in favour? All those against? The long title carries.

**Mr David Ramsay (Timiskaming):** Is this the fewer courts bill?

**The Chair:** Is there any discussion in regard to the total bill? If not, I pose the question, shall Bill 79, as amended, carry? All those in favour? All those against? The bill is carried.

Shall Bill 79, as amended, be reported to the House? It is agreed.

We have completed our consideration of Bill 79, as amended, and I will report that bill to the House.

As there are no other matters before the committee, we are adjourned at the pleasure of the Chair. Thank you.

*The committee adjourned at 1554.*









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### STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

\*Mrs Marion Boyd (London Centre / -Centre ND)  
Mr Robert Chiarelli (Ottawa West / -Ouest L)  
Mr Sean G. Conway (Renfrew North / -Nord L)  
Mr Ed Doyle (Wentworth East / -Est PC)  
\*Mr Garry J. Guzzo (Ottawa-Rideau PC)  
Mr Tim Hudak (Niagara South / -Sud PC)  
\*Mr Ron Johnson (Brantford PC)  
Mr Frank Klees (York-Mackenzie PC)  
\*Mr Gary L. Leadston (Kitchener-Wilmot PC)  
\*Mr Gerry Martiniuk (Cambridge PC)  
\*Mr John L. Parker (York East / -Est PC)  
\*Mr David Ramsay (Timiskaming L)  
\*Mr David Tilson (Dufferin-Peel PC)  
Mr Bud Wildman (Algoma ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Marcel Beaubien (Lambton PC) for Mr Doyle  
Mr Bert Johnson (Perth PC) for Mr Hudak  
Mrs Margaret Marland (Mississauga South / Sud PC) for Mr Klees

**Clerk / Greffier:** Mr Douglas Arnott

**Staff / Personnel:** Mr Mark Spakowski, legislative counsel

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## Legislative Assembly of Ontario

First Session, 36th Parliament

## Assemblée législative de l'Ontario

Première session, 36<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 3 December 1996

# Journal des débats (Hansard)

Mardi 3 décembre 1996

**Standing committee on  
administration of justice**

**Comité permanent de  
l'administration de la justice**

**Family Responsibility  
and Support Arrears  
Enforcement Act, 1996**



**Loi de 1996  
sur les obligations familiales  
et l'exécution des arriérés d'aliments**

Chair: Gerry Martiniuk  
Clerk: Douglas Arnott

Président : Gerry Martiniuk  
Greffier : Douglas Arnott



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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
ADMINISTRATION OF JUSTICE

Tuesday 3 December 1996

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE  
L'ADMINISTRATION DE LA JUSTICE

Mardi 3 décembre 1996

*The committee met at 1533 in committee room 1.*FAMILY RESPONSIBILITY  
AND SUPPORT ARREARS  
ENFORCEMENT ACT, 1996

LOI DE 1996

SUR LES OBLIGATIONS FAMILIALES  
ET L'EXÉCUTION DES ARRIÉRÉS D'ALIMENTS

Consideration of Bill 82, An Act to establish the Family Responsibility Office, protect the interests of children and spouses through the strict enforcement of support orders while offering flexibility to responsible payors and make consequential amendments to certain statutes / Projet de loi 82, Loi créant le Bureau des obligations familiales, visant à protéger les intérêts des enfants et des conjoints grâce à l'exécution rigoureuse des ordonnances alimentaires tout en offrant une certaine souplesse aux payeurs responsables, et apportant des modifications corrélatives à des lois.

**The Chair (Mr Gerry Martiniuk):** I call this meeting of the standing committee on administration of justice to order. We are considering Bill 82.

The first order of business: We have distributed the subcommittee report of November 28, 1996. I would request a motion to accept that subcommittee report.

**Mr David Ramsay (Timiskaming):** I'll so move.

**The Chair:** Is there any discussion regarding the subcommittee report?

**Mr Ramsay:** In some of the discussions I've had and some of my colleagues have had with some of the witnesses and potential witnesses who would be coming before us over the next couple of days, now that the subcommittee report — it hasn't been accepted yet, but I just want to say that part of the subcommittee report is a recommendation to the committee as a whole to assist where a request has been made for financial assistance for witnesses to come before us.

I think in another place and in another time, House leaders may discuss this in general. But I think in this particular case it is very necessary, since we're not travelling and the people we're speaking of have very few resources, that I sort of implore the committee to accept the subcommittee's recommendation that we assist with some resources to assist people to come before us.

The other thing I would say, which was not discussed at the subcommittee and I would put before the committee, is that in making some of those calls over the last couple of days, many of the people said they were not in a position even to upfront the cost of, say, a train ticket to come from Ottawa to here. I don't know how we would physically do this because time is very, very short

and some of these people would be coming tomorrow and Thursday, but I would also like to add to that report or make a friendly amendment to it that where requested, we endeavour where physically possible to send an advance or a ticket or something, whatever the clerk feels secure about, in order to facilitate the witness coming before us.

**The Chair:** Mr Ramsay, perhaps worded another way, would ask that the subcommittee be authorized in our meeting after this meeting today at 6 o'clock to consider individual requests and approve them in advance rather than after the fact as we traditionally have done.

**Mr David Tilson (Dufferin-Peel):** I guess the only question I have to Mr Ramsay is what happens if — in all committees that I've ever been on, from time to time there may be personal problems, people may reconsider coming for different reasons, and they decide not to come. Meanwhile, the province of Ontario has sent them a cheque.

**Mr Ramsay:** I would say that in this case I would think you'd find that the witnesses are people in receipt of money from the province of Ontario and in a sense the control is there. If somebody reneged on rebating the travel advance, I guess in a sense they're not getting it anyway from the family support program, but the family support program could keep the money. I think the control is there through the family support program.

**The Chair:** Does the clerk have letters at present requesting this arrangement?

**Clerk of the Committee (Mr Doug Arnott):** I've not yet received letters. I understand some may be received this afternoon by fax. I've had a good number of inquiries by telephone.

**Mrs Marion Boyd (London Centre):** This is really a situation around accessibility. Because the government is anxious to get this bill passed so that it can get the measures into place, we've all agreed that we're going to do the committee meetings in this way even though the issue has involved the closing of regional offices. It certainly seems to me that we need to be very mindful of the fact that it is important for us to have the input from people who are affected by the changes, the concerns that they have, as we look at this bill.

Because we're not travelling, which normally we would be doing on a bill that's as important as this, and it would cost a great deal if we look around the table at how many people would have to travel, it seems to me that we ought to be fairly clear that this is not going to be a major issue.

**Mr Frank Klees (York-Mackenzie):** Could I just ask what amount of money we're talking about? What's the framework?



**The Chair:** Unfortunately, as the requests have not yet been received, we do not know. I assume we're talking about travelling costs for one person making the presentation. Sudbury may be one place; Ottawa may be another. Because of the time frame, the only possible solution is to have the subcommittee be authorized to deal with it, and that's really what we're discussing right now.

**Mr Klees:** I'm just wondering what information someone from Sudbury, for example, would be able to bring forward on this issue that either couldn't be represented in a written submission or wouldn't be represented by others who are prepared to be here, just to help me understand what the issue is.

**Ms Shelley Martel (Sudbury East):** Maybe I can respond to this. The woman in question who would like to come is the director, president, whatever you want to call it, of a group that has recently formed called SOS, Securing Ongoing Support. She wants to come. She wants to make a public appearance here in front of all the committee members to express not only her concerns but the concerns of the group. She is also bringing a written submission from the regional municipality of Sudbury and she is probably bringing a second written submission from a family lawyer who cannot attend at these proceedings because he's going to be in court this week.

Had we been able to travel, and normally we would have on a bill of this importance, we would have been in Sudbury, I suspect, because it is a community that had a regional office. So I do think it's appropriate for us to pay this woman's mileage to make sure she can come to this committee and represent the concerns of not only herself but a number of people in her group. She is taking the additional step of bringing with her the written submissions of a number of other people.

**The Chair:** Mr Tilson, one moment. In view of some controversy regarding this request, may we put this down till after the Attorney General makes his presentation and we've asked him the questions, and then we can deal with it?

**Mr Ramsay:** Yes, I would allow that. I would ask then that I withdraw at this time this particular request but that we now consider the subcommittee report, at least get that issue of paying expenses. This debate I think will become more complicated because of my question of the advances. I would certainly like, though, in order to give as much notice as possible, the subcommittee report as submitted to committee at this moment to be considered right now.

1540

**The Chair:** Excuse me, Mr Ramsay. That is not suitable because item 7 sets out that we would approve the expenses after the fact, and therefore I would suggest we move that down too. You've suggested something entirely different than item 7 of the subcommittee report.

**Mr Ramsay:** The dilemma we're in is that right now several of the witnesses are not in a position to accept the clerk's invitation to appear before us because it's not clear whether the committee will be able to pay their expenses or not. I think we have to very quickly agree or disagree as to whether we're going to assist witnesses who request assistance with some help to get here.

**The Chair:** I understand that. All I'm suggesting is we move the subcommittee report and your request until after the Attorney General's presentation.

**Mr Ramsay:** After the Attorney General. Okay.

#### MINISTRY OF THE ATTORNEY GENERAL

**The Chair:** Excuse the delay. The committee welcomes the honourable Attorney General for Ontario. Please proceed.

**Hon Charles Harnick (Attorney General, minister responsible for native affairs):** Before the committee begins its deliberations, I would like to make a few remarks concerning Bill 82, the Family Responsibility and Support Arrears Enforcement Act, 1996. I appreciate the opportunity to be here before the committee.

Bill 82 contains three critical building blocks. These three building blocks will provide the foundation for a new and more effective family responsibility program. The three building blocks are tougher enforcement measures, automatic filing with voluntary opt-out and private sector partnerships. I would like to highlight Bill 82's key provisions and how the new Family Responsibility and Support Arrears Enforcement Act will improve the current support enforcement program.

The new enforcement measures in Bill 82 are among the toughest and most stringent of any jurisdiction in North America. They close the loopholes that in the past have let defaulting parents avoid meeting their support obligations. These new measures make it clear that defaulting on support payments is no longer acceptable in Ontario and that it will not be tolerated. We are introducing 10 tough tools. They will close the loopholes and help get money flowing to women and children, money that they rightfully deserve and that they are legally entitled to receive.

The first tool is driver's licence suspension. Under part V of Bill 82 we will suspend the drivers' licences of payors who refuse to meet their family support responsibilities. Suspending a defaulting payor's licence will not depend on the province's licence renewal program. Defaulting payors will get 30 days' notice either to make payment in full or to arrange a payment plan. Failure to do so will result in the suspension of the payor's current licence. It will not be reissued until all arrears are paid or the payor arranges a satisfactory repayment plan.

Often defaulting payors fail to advise a lender of their support payment obligations. As a result, money is lent without the full knowledge of the payor's financial circumstances. Under section 47 of Bill 82, we will close this loophole. We will report the name of a payor who is in default to a credit agency. This will make it tougher for defaulting payors to take loans. This tough new enforcement tool will be very useful in enforcing payments by self-employed payors.

Under section 43 of the bill we will register child support payments as security interests under the Personal Property Security Act. This will provide notice to commercial lenders that an individual has a support debt. Any added borrowing by the support payor will be subject to the Family Responsibility Office's registration and priority. When an asset is sold, child support will be



given priority over subsequent registered and unregistered interests.

Another tool in section 66 of the bill amends the Creditors' Relief Act to give priority to all support arrears over other judgement creditors. This means that when a sheriff takes steps to collect on the support payor's judgement debts, support arrears will be paid even if there are other judgement creditors.

Defaulting payors often try to avoid support orders by sheltering their income and assets through arrangements with third parties. Section 41, third-party enforcement, closes this loophole and lets us crack down on these third-party arrangements. At the same time, section 41 has built-in mechanisms to protect innocent third parties.

Section 45 closes another loophole, one that let support payor shelter funds in joint bank accounts with other parties. The new Family Responsibility Office will have the authority to garnish 50% of the money in a joint bank account. Again we are building in mechanisms to protect innocent third parties.

Sheltering of income and assets with third parties by defaulting payors is a huge problem in the plan's effectiveness in enforcing support orders. Sections 41 and 45 of the bill close the loopholes that have helped defaulting payors to avoid fulfilling their support obligations.

In response to the concerns raised by some opposition members that this legislation is not constitutionally valid, let me simply say that I am prepared to defend it if it is challenged.

Another important tool is found in section 46 of Bill 82. It gives the Ontario Lottery Corp the authority to deduct support arrears if a defaulting payor wins a prize of \$1,000 or more in an Ontario Lottery Corp lottery.

Under the existing Family Support Plan Act the definition of "income source" is too narrow to be effective. Section 1 of Bill 82 expands the definition of income to include commissions, advances, severances and lump sum payments. This will make it easier for the Family Responsibility Office to collect arrears from payors who are intermittently employed or have non-standard employment arrangements. Again this closes a loophole that let defaulting payors avoid their legal responsibilities to pay support.

Section 54 of the bill gives the Family Responsibility Office better methods to trace and locate defaulting parents. In addition to the existing authority to get the address of a payor and the name and address of the employer, the office will now have the authority to get information about the source and location of income or assets. This may include an undisclosed interest in a business or real property, shares or other investments.

In addition to these legislative changes, we intend to screen all provincial government appointments to the judiciary and to agencies, boards and commissions. This will ensure that we do not appoint people who do not pay their child support. Although this does not require a legislative amendment, I am highlighting it to further illustrate how seriously our government views the issue of non-payment of support.

These 10 tough enforcement tools close the loopholes in the old plan that for too long have let defaulting payors avoid their responsibilities. They form the first

critical building block in the foundation of a new and more effective support enforcement program.

The second critical building block is found in section 16 of Bill 82, automatic filing with voluntary opting out. This section gives responsible parents the choice of making their own private support arrangements without the necessity of government intervention. Section 16 fulfils the commitment we made in the Common Sense Revolution that parents who are acting responsibly do not need to have the government peering over their shoulders monitoring their behaviour. Automatic filing with opting out recognizes that there are many responsible parties in Ontario who have reached and are fulfilling amicable agreements about their support payments. This will enable program staff to focus resources on problem cases and resolve them more quickly.

At the same time our government is very aware that there are, regrettably, far too many situations where a spouse is vulnerable and could be subject to coercion or abuse. In some cases a spouse, for a variety of reasons, may be in an unequal bargaining relationship. These spouses may want to remain in the program. They may want to have contact with the payor or they may fear that without the program they will not receive their payments. To protect women in these situations, section 92 of Bill 82 gives judges the authority to prohibit spouses from opting out of the family responsibility program where they find it is inappropriate. Any recipient who has initially opted out will be able to return to the family responsibility program at any time and at no cost.

There are two issues concerning voluntary opting out. The first issue is, if, where and how should government get involved in the lives of individual citizens? The second issue is, where and how can government resources best be issued? If the parties have reached an amicable agreement, if they are acting responsibly, why should the government intrude unnecessarily into their personal business? Why use government resources to monitor situations that don't need monitoring?

However, if an amicable arrangement cannot be reached, if a payor is not acting responsibly, if a payor is not meeting his or her support payment obligations or if the court considers that a recipient is going to be at risk, then this government is going to get involved. Those parties are definitely going to be in the government program.

1550

If a recipient decides to return to the program — again, she can do so at any time — she will be returning to a support enforcement program that has some of the toughest, most stringent enforcement measures in North America. There will be no administrative fee on entering the program, as some opposition members have suggested.

Section 4 contains the third building block of the new program. It gives the Family Responsibility Office the authority to enter into private sector partnership. In the Common Sense Revolution, we made a commitment to review all core business and to enter into partnerships with the private sector where it can provide services more effectively and efficiently.



The three building blocks contained in Bill 82 — tougher enforcement measures that close the loopholes, automatic filing with opting out and private sector partnerships — will provide the foundation for a truly effective support enforcement program in Ontario.

Some members have expressed concerns about the provisions of section 7 of the bill which give the director of the Family Responsibility Office the discretion to close cases where all reasonable efforts to enforce the support order payments have failed. I would like to emphasize that closing FSP cases is not a new initiative. Under section 2(2) of the support and custody order act and the Family Support Plan Act, the director of the family support plan has always been charged with enforcing support orders in a manner that appeared practical.

The director has also always had the authority to refuse to enforce cases. However, the existing law was silent on how the power was to be exercised. Until now the administrative closing of cases under the old plan was covered by informal policies and procedures established by the director of the family support plan. These policies and procedures are substantive and detailed. They outline the specific and numerous steps the old plan has had to take before a decision is made not to enforce a case filed with the plan. There were in fact three directives and 22 pages of procedures on administrative closure.

When our government undertook its review of the old plan, we decided that the closing of cases was too serious a matter to be guided by policies alone and should be codified. Therefore, the process which guides the decision to close a case will now be covered by statute. Section 7 accomplishes this.

I recognize that there are people who are concerned about the impact of section 7, and certainly I'm prepared to look at any constructive means of amending section 7. It's certainly not our intention to use section 7 to write down moneys owing. We don't want to write down moneys owing. If it's merely a matter of repealing section 7(d) but providing the plan with the opportunity to carry on and close files in inappropriate circumstances so we don't waste time and resources on them, that's something I want to hear from the committee, and certainly I'm open-minded about how that should occur.

I want to assure the committee that the decision to close a case will not be made lightly nor in haste. Each case will be considered individually to determine if it is impractical or unreasonable to enforce it. If the determination to close the case is made, the case will be deemed withdrawn from the director's office and we will notify the support recipient and the support payor.

Guidelines will be put in place setting out the specific circumstances where cases can be closed. The director of the Family Responsibility Office will be accountable to the Attorney General for the manner in which he or she fulfils their statutory obligations and remains subject to review by the Ombudsman as to the manner in which the program operates.

I want to emphasize that the program will cease enforcement on difficult cases only where it is clear that recovery is not possible and in situations where the programs has exhausted all its options, for example:

Where the amount of support can't be determined on the face of the order, meaning that the two parties have to go back to the judge and clarify what that order is.

Where the support payor is serving a term of incarceration greater than five years and has no other assets available to satisfy the support obligations. When the person comes out of jail and if they become gainfully employed, we reactivate the file. The fact that you're going to close it doesn't mean you can't reactivate it at any time in any circumstance where the plan receives information that indicates the case should be reopened.

Where the support recipient bypasses the program by continuing to accept direct payment from the payor, we want the opportunity to close that file.

Where the financial situation of the payor changes so that he or she has no income; in other words, a situation such as a person being on welfare and without any income for a lengthy period of time.

No case will be permanently closed. If at any time the Family Responsibility Office receives information on a closed case that would lead to the payment of money owed to a recipient, the case would be reactivated. When that happens, we are going to go after that defaulting payor. For example, a defaulting payor may return to Ontario and enforcement action can be taken, or a payor may ultimately become employed.

Giving the Family Responsibility Office the authority to close files is not about improving statistics; it is about being able to focus our resources on those cases that need government intervention and services. These are the cases that under the old plan were hard to enforce, the cases where experience has shown that government intervention can realistically make a difference in getting children and women the money they deserve and which they are legally entitled to receive.

Today, defaulting payors owe Ontario's children and women nearly \$1 billion in support payment arrears. Today, three out of four families are not getting the money they deserve and to which they are legally entitled. Today, money is not flowing regularly in nearly 50% of family support plan cases. Ontario's children and women need and deserve a better, more effective support enforcement program, one that will get money flowing to the families who depend on their support enforcement orders for their economic security.

Bill 82 establishes a new legislative mandate for support order enforcement. It imposes tough new enforcement measures. It closes the loopholes that let defaulting parents avoid paying their support obligations. Bill 82, the Family Responsibility and Support Arrears Enforcement Act, gives the children and women of Ontario a support enforcement program that will help them get the money they rightfully deserve and that they are legally entitled to receive.

**The Chair:** Thank you very much, Mr Harnick. Each caucus will have five minutes for questions. We'll start with the official opposition.

**Mr Michael Gravelle (Port Arthur):** Good afternoon, Minister. We all know what happened in terms of the situation in the summertime when the regional offices closed and the new system was put in place with the banks. In fact, you and I had the opportunity to meet to

discuss it some time in September, I think. Can I ask you — I know we have very little time — if you could do it over again, would you do it differently? Would you have considered making the transition one that might have worked better? I don't believe you expected the system to collapse, but it did. Do you think you would have done it by having the bill in place first and making sure the transition could have been more orderly that way?

**Hon Mr Harnick:** I suppose in hindsight we can always find ways to do what we intended better. I have always wanted to get money into the hands of women and children as fast as I possibly could do it, and certainly that still remains the commitment.

One of the things we learned as we went through the transition was that so much of the family support plan has been running in an antiquated way. We found out that cheques continued to come in in an improper form month after month after month, that we had developed a workforce that was dedicated to fixing those cheques month after month after month and the way they were coming in became commonplace.

We have not moved to a situation where we've totally moved into the electronic banking world. As a result, we have been slow to be able to use technology to make the plan operate as efficiently as it should. Certainly we're dedicated to doing that.

The last government entered into a partnership with the Royal Bank, yet the fact that they had that partnership didn't advance the electronic banking system as it should have. Today, we found out, I think the statistic is, that about 50% of the cheques are being sorted by hand. The technology in the program as it links between the Royal Bank and the family support plan office is woefully inadequate in the sense that cheques that are essentially okay to deal with are presented at the Royal Bank and, for whatever reason, they're not accepted.

1600

**Mr Gravelle:** I just really wanted to know whether you would have done it differently, and I appreciate that I think you're saying you might have.

Another quick question. We know there was a computer problem, a glitch or however you want to describe it, this past weekend. I think it was even addressed in the House to some degree today. We understand that some files did disappear. Can you confirm that?

**Hon Mr Harnick:** My understanding is that no information, no files in this computer problem disappeared. We understand that the problem did not involve the MECA system and was something totally unrelated to the MECA system. I can tell you as well that the system shut down on Sunday afternoon at about 5 o'clock and reopened again I think at 7 o'clock Monday morning. It was not a situation that involved the family support plan and the MECA computer. It involved a network of government computers that shut down briefly. It had a marginal effect in slowing down the ability to process some cheques. But again, my understanding is, and it's been confirmed to me, that no information was lost.

**Mr Gravelle:** On another aspect, the voluntary opting out, I appreciate you addressing it as you did this afternoon, but I still think one can argue — we don't have a

lot of time — and argue fairly, I think, that there still could be some reason for concern. Despite the fact that there can be judges involved who will basically force people to stay in the system, one doesn't have much difficulty seeing a situation where indeed this voluntary opting out can be coerced. I guess I'm having a problem understanding exactly how you go to, "Gee, a judge will deal with it," if a person's in a situation where they can't go to the legal system. We think there are still reasons to be very concerned about that. Would you accept reasonable amendments to that particular section if we could find a way to recognize that? I see a real gap between reality and what you've got so far.

**Hon Mr Harnick:** This was something that was debated here about four or five years ago, and I know the Liberal Party position was to allow opting out. I think the scheme the Liberal Party proposed was to allow a mandatory automatic opting out if a good payment record was established. I understand that the commentary on that was that it would be the worst of both worlds, because it would force people out of the program who may want to be in it and it would place some women at risk in forcing them to enforce their own support order directly. It would be something that would be mandatory: If you were a payor and you complied with your order for a certain amount of time, you automatically would be out.

What we're saying is that you're automatically in and that there has to be a positive step taken to be out. Judges who deal with the cases that are most heated, the most difficult of these cases, would have the opportunity, on their own or with the submission of the parties, to make an order that says, "This is not an appropriate case to opt out."

**Mrs Boyd:** First of all, thank you very much for coming and thank you very much for your indication that you really are prepared to listen to constructive suggestions. There's been a lot of rhetoric about the fact that the NDP is against this bill, and we're not. We want you to be very clear with yourself and your members that the enforcement things in here we have always said we want to support, and the issues we have problems with we are quite prepared to bring constructive suggestions to bear. Let us be very clear about that. Our argument with you and with the ministry has been around what has happened since August in the plan, not around what will change with this act. I want you to know that very clearly.

I won't talk about the enforcement measures with you because I do want some indication of how those will work from the staff you've brought with you, so I won't take our time up with that. You made a comment that there was no plan to charge women who opted out of the plan if they came back in, yet your own compendium in fact says that is one of the charges that would be levied. I would refer you to the compendium on page 15, "Ability to charge fees," where one of fees you want to charge is when women opt back in. I need you to know that we're relieved to hear you say that's not your vision of it, and I would hope we will be able to come to some clarity around the fact that that will not be one of the regulations brought forward.

On the closure of files, this is the first time in any of the discussion on this that I've heard anyone say they



would automatically be reopened when someone came back to the province or got off welfare or anything else. That's our only concern. How do we tickle this file so that they come back on to the system? Are you planning that to be done automatically, once you get a fully automated system, or will this always be the responsibility of the recipient, whose last wish in many cases is to know anything about where the payor is?

The second question on that would be, how many files have ever been closed? Is there a change, because of the changes you've got here on cost of living, on percentage of income, on support of the exclusive possession of the home, that would cause a lot of these files to be closed now? How many files do you think would be closed?

**Hon Mr Harnick:** Certainly it was never my contemplation that files would be closed without the ability to reopen. The nature of collections is such that you know at a certain point that you're not prepared, and no client would be prepared if they were a paying client, to put more money into a collection at a certain point than they already have, because it's not bringing any benefit back. Certainly the idea is that if you exhaust the ability to use the remedies you have and you're not making collection, it's something we would contemplate, for the number of reasons laid out in the bill, that the file would be closed. On gaining any new information that might give you an opportunity to successfully start to collect some money, you would reopen the file.

One of the things I recognize, and I make this commitment to everyone today, is that we have a number of good things in this bill that I think are going to make enforcement much easier and much more successful; I will not permit any of these files to be closed for at least a year so that we can start to implement all those things. There's no point in closing a file if we haven't tried to exhaust taking away somebody's driver's licence or reporting them to a credit bureau. So many of the things in this bill by way of enforcement are geared towards ensuring that the payor come forward, as opposed to what we've always done, which is to try to go out ineffectively and chase the payor. What we're trying to do is bring the payor to us, and certainly we want to exhaust all of those remedies.

But there are a number of areas, and we've outlined them in section 7, where there is just nowhere to go on these things. What we're saying is that we will put those away until the parties go back to the judge to get an order that is appropriate for the plan to enforce, as opposed to a percentage of income that's always fluctuating.

**Mrs Boyd:** Quite frankly, if your compendium had indicated that you would suspend any closure of files until all these new methods had been applied to them, our response would have been very different. I need you to know that. In none of the discussions were we assured by the parliamentary assistant or by yourself that that would be done. We're delighted to hear that, because that's one of the major issues we wanted to make sure would happen: that all these new enforcement measures would be tried with these files that haven't been paid. That's a really huge concern of ours, so I'm very relieved that you've said that.

1610

**Hon Mr Harnick:** We're not doing this to write down debt. Collections are very difficult; there are times when files will not move for a long time but in the strangest of ways you find a piece of information that gives you an opportunity to collect. The other day \$27,000 showed up on a file because some years ago there was a writ of execution put on somebody's property. With lower interest rates, people decide to refinance their mortgages. They pay off the old mortgage, they go get a new mortgage at 6% or 7% less and they get the \$27,000 and they pay it off. That was a file that in reality was a closed file; it was just sitting there because there was nothing you could do on it.

I don't think anybody should get the impression that because a file will become inactive, it's being written off, debt is being written down and you can't reopen it as information comes through to us.

**Mrs Boyd:** If the wording had been "suspended" or "inactive," we wouldn't have had the argument with you in the first place.

**Mr Tilson:** One of the concerns of family law lawyers and indeed of recipients around the province is that there could be some cooperation with respect to the federal government. In particular, quite often amounts are owing to recipients and lump sum payments of income tax refunds come back to a payor, but this is beyond the jurisdiction of the provincial government. My question is whether the ministry has entered into any discussions with the federal government or officials of the federal government with respect to those types of reciprocal agreements with respect to passports, with respect to moneys coming from Revenue Canada. It sounds like the staff should be answering this question; it's a question that's come to me from people in the family law practice.

**Hon Mr Harnick:** My understanding is that this bill will remove a step that is needed to make a garnishee from a federal tax reimbursement. That is I think part of this. I know there are discussions to make available the database that the feds have in terms of location and tracing. That is also part of the broader opportunity that the bill provides us to access personal information about individuals, and certainly the federal government has given us every indication that they would cooperate in that regard.

**Mr Tilson:** A second question: The one criticism that has come — or comment; I don't know if it's a criticism — the one comment that has come from individuals in my riding has been that the provision dealing with the suspension of drivers' licences could result in payors being out of work because their licence is dependent upon their job, and hence those individuals not only might not pay any more but they might be on social assistance. I wonder if you could comment on that criticism.

**Hon Mr Harnick:** The bill sets out the procedure that will be used. What will happen is that an individual will receive 30 days of notice, so they won't get a notice that their licence is suspended. They'll receive a 30-day notice and as a result of that 30-day notice, they will have an opportunity to either pay the arrears or, if they can't pay the arrears because they're considerably high, they can go

to the plan and enter into an arrangement with the plan to begin moneys flowing. What we really want to do is use this to get people to come forward and begin moneys flowing. Right now, chances are, in the situation you posed, that there are no moneys flowing at all. This at least starts the process of moneys flowing to a family that doesn't have anything coming to them now.

**Mr Tilson:** If there's time, Mr Klees has a question.

**The Chair:** Mr Klees has one minute.

**Mr Klees:** Mr Minister, a great deal of our problems with the existing system is the inefficiency within the system. This follows on what Mr Tilson was asking: What safety measures do we have in place to ensure that someone doesn't lose their licence or some of the other measures aren't implemented against the payor as a result of an inefficiency in the system? Is there some form of valve that is there that someone can call a time out in this process to ensure that in fact the problem isn't with the ministry and the process as opposed to the payor?

**Hon Mr Harnick:** Certainly the enforcement unit that will be doing this will be set up to deal specifically with the protocol that surrounds the driver's licence issue. It will also involve the liaison between that unit at the Family Responsibility Office and the Ministry of Transportation.

If you're asking me can I give you a guarantee that it will never happen that something goes awry, the answer is no, I can't. But there's a unit that will be set up or is being set up in the enforcement unit that will deal specifically with this and will ensure that the 30-day notice goes out, that someone has an opportunity to respond, where they have to respond to, by when they have to respond and what their options are going to be. That will all be set out when they're notified.

**Mr Klees:** Can I just make a very quick comment on that?

**The Chair:** Mr Klees, I'm sorry, our time is up. We each did have five minutes.

Mr Harnick, the committee thanks you for your attendance here today. The staff will come up to the table.

We are now going to deal, if we may, with a motion on the floor to adopt the report of the subcommittee dated November 28, 1996. This is very important because item 7 of that subcommittee report — the subcommittee, in case you don't know, is composed of Mr Ramsay, Ms Boyd and Mr Tilson; I chair it but I do not vote — says: "That requests for reimbursement of witnesses' travel expenses be considered by the committee on a case-by-case basis after receipt of a recommendation from the subcommittee on committee business." In other words — and I understand that's been our policy to date — it's a decision of the committee on a subcommittee recommendation, after the fact, to reimburse.

This is very important because the clerk advises that some individuals who have phoned and may be on our agenda have indicated they expect to be reimbursed. They don't mean it badly. It was sort of a condition of their attending. Otherwise they felt they could not afford it. For instance, the only formal amount we have before us is an indication of two individuals from the north repre-

senting an organization. Their total costs would be \$880 for plane flight and meals, not for any stayover.

So we're talking about a large number of people, and we do not have time unfortunately — and that's not the fault of this committee. The only way I could see it working is for the subcommittee to be empowered with the spending of this money in advance, and that's something we have to consider. Therefore that's the reason I delayed item 7, because if that had been passed, I think that would have been the final word.

**Mr Ramsay:** I would like to make a recommendation to the committee that we accept this. I only make this recommendation because in the normal course of considering legislation we do have public hearings that travel across the province in the intercession.

Because of the interest of all three parties who support this legislation, in order to get it passed and to give due process to the people who want to come before us and make their views known, this is a much more cost-effective way of doing it. Instead of inconveniencing ourselves, going on the road — it's not an inconvenience to me; I enjoy doing it and enjoy getting across the province — because we don't have the time, we're inconveniencing the people who would like to come before us.

Especially in this case, we're talking about a group of people who do not have the financial resources to come to Toronto. The essence of this bill is about helping people get those resources. They're short of funds. So particularly in this case, it would be I think a requirement of this committee to assist those people who are from out of town, who make a request for assistance.

1620

**The Chair:** The only advice I have is that we're going to be hearing approximately 36 individuals over Wednesday and Thursday.

**Mrs Boyd:** We will be hearing that many, but there certainly is no indication, at least on the list the clerk has given us, that a huge proportion of those are from out of town. The clerk has given us a list that includes the organizations the people are from. We can count how many are from out of town, and of those, we know of only a couple who have said they cannot come unless they're supported.

That doesn't mean we wouldn't get other requests, and I think Mr Ramsay's motion is to say that if the only way in which people are able to access their government to deal with this important issue is to have an assurance that their expenses will be paid, then surely in order to meet the government's desire to have this passed before the end of the session, and given the extraordinarily lower cost of doing that even for 36 people rather than travelling around the province, with all of us plus our equipment and our translation equipment and so on, I really think this is not an unreasonable request.

**The Chair:** We do not have at this moment a formal amendment to the motion. I just point that out.

**Mr Peter Kormos (Welland-Thorold):** Further to what Ms Boyd just said, even if all 36 people sought compensation or reimbursement, in view of the fact that a minimum of 18 people travel when this committee travels, it would be the equivalent of no more than two



out-of-town ventures or trips by this committee. At the end of the day, if the argument is that this is being done for expediency, surely the argument of cost isn't relevant when in fact it's perhaps far more inconvenient for the people from out of town but it ends up being a more economical proposition.

**Mr Tilson:** This isn't the first time this has happened in the past with committees. It happens fairly frequently in fact that the subcommittee reviews it, it's then introduced to the committee, and the committee votes as to whether or not individuals should be reimbursed. Generally speaking, it's a perfectly reasonable request of individuals. I don't think I can support paying individuals in advance, for the main reason that I've given. I do throw out the alternative, however.

I appreciate the comments that particularly Mr Ramsay made about individuals from other parts of the province who for different reasons may not be able to attend where normally the committee may attend. I know Mrs Boyd and I have participated in a televised conference with experts. I don't know how practical or difficult it is for certain individuals to participate in a telephone conference.

**The Chair:** That was suggested but it's too late to set it up. I think we should all consider that for the future, but here it's impossible, unfortunately.

**Mr Tilson:** Mr Chairman, if there's no amendment, that's fine. We're just chatting.

**The Chair:** There is presently not an amendment on the floor.

**Mrs Boyd:** I'd be happy to make an amendment. I would amend section 7 of the subcommittee report to say: "That requests for reimbursement of witnesses' travel expenses will be confirmed by the subcommittee upon receipt of an estimate or an actual ticket to be either faxed to the subcommittee or presented to the committee at the time the testimony is made."

If I might speak to it, Mr Chair?

**The Chair:** Please do.

**Mrs Boyd:** The reality here is that this is a very unusual circumstance. The government has agreed to hearings because it knows this is a burning issue, but the government has requested the opposition parties and the witnesses to expedite this matter so that these measures can be in place by the end of the year. I think all of us want that to be possible, because it suits our convenience and our rules as legislators and because we are doing this in a time when we have late-night sittings, so it's really very difficult for us to travel on the weekend or in the evenings in order to meet this. Surely under these circumstances and given the really quite substantial cost savings compared to having the committee travel, we could agree to this.

**Mr Garry J. Guzzo (Ottawa-Rideau):** I have a question with regard to this before voting on it. It has to do with the procedure and time restraints on Monday next, "3:30 pm to conclusion." What is the procedure to be followed, or has it been agreed upon? Should we not conclude by 11:59 pm on December 9?

**The Chair:** The order of the House merely stated — and it has been amended. It was originally 5 o'clock. I think that was extended to —

**Mrs Boyd:** To 8 o'clock.

**The Chair:** To 8 o'clock. Clause-by-clause, as you know, is not governed as to time limits as far as debate goes, but by 8 o'clock that evening, if in fact that was the end of debate, amendments would be put and voted on without any further debate, any other amendments before this committee.

**Mr Guzzo:** That's agreed upon by the subcommittee?

**The Chair:** No, that's an order of the House.

**Mr Guzzo:** An order of the House. I'm sorry. Thank you.

**The Chair:** Is there any other discussion?

**Mr Peter L. Preston (Brant-Haldimand):** Is my name down there?

**The Chair:** Yes. I'm sorry, Mr Preston. The committee welcomes Mr Preston to the committee.

**Mr Preston:** Thank you very much. I'm going to turn it that way.

**The Chair:** I'm sorry I missed you.

**Mr Preston:** We are spending upwards of 15 grand to send this committee out. That's what it costs, between \$15,000 and \$16,000 a day. Like Mr Kormos says, if we can do it in two — this is what it's going to cost us for two days. But the fly in the ointment is, if a person can't afford to spend \$800 to get here, they can't afford to spend the \$800 to get here. We're going to have to make arrangements for a ticket at a ticket counter. If they don't pick it up and don't use it, it doesn't cost us anything. So that's what we're going to have to do. If I haven't got \$800 to go somewhere, I just haven't got the \$800 to go somewhere. I can't find it and then get it back. So we have to make travel arrangements for them; no money in their pocket, just travel arrangements.

**Mr Gravelle:** That's the answer.

**Mr Preston:** Thank you, sir.

**The Chair:** We are dealing with the amendment moved by Ms Boyd. Is there any further discussion regarding that amendment which would, in effect, authorize the subcommittee to pre-pay expenses for individuals where they requested it?

**Mr Klees:** I certainly agree with the principle of reimbursing. I think the comment that was made about prearranging the travel arrangements is a practical one as well. I would like to have an undertaking, though, that where an association is appearing before the committee, we limit this to one representative from the association so that we're not going overboard in terms of the costs here. I think that would be a reasonable request to make of the approval.

**The Chair:** The only request we have so far is for two individuals for one organization.

1630

**Ms Martel:** I don't know why we're spending so much time on this, but let me just make one point. You've got two people coming from Sudbury. The most they are going to claim is mileage, probably for the single vehicle. But the two people should be able to make a presentation because I don't think they should be driving down five hours here to present and five hours back, because they've got to get to work the next day. I don't know why this is becoming such a big problem for this committee.

We're talking about people who, if we had done this any other way, we would be in their community and they would be taking a bus or driving their car over to see us. We're not talking about everyone asking for money. Surely we're not going to start worrying about two or three etc if, for safety reasons, those people are driving together.

**Mrs Boyd:** Can we call the question?

**The Chair:** I've had a request —

**Mr Ron Johnson (Brantford):** For one or two people.

**The Chair:** Excuse me, Mr Johnson. We have Mrs Boyd's amendment to the subcommittee report of November 28, 1996, on the floor. Discussions have been completed. All those in favour of the amendment?

**Mrs Boyd:** Do we need a recorded vote, Mr Chair?

**The Chair:** If you request it, we will have a recorded vote. Are you requesting a recorded vote?

**Mrs Boyd:** Yes, I am.

**The Chair:** Let's have a recorded vote.

#### Ayes

Boyd, Doyle, Gravelle, Guzzo, Klees, Martel, Preston, Ramsay.

#### Nays

Ron Johnson, Leadston, Parker, Tilson.

**The Chair:** I take it the amendment carries, and we are now dealing with the report of the subcommittee, as amended by Mrs Boyd's amendment. All those in favour of the subcommittee report, as amended? That is carried. The subcommittee will deal with that matter.

Welcome. How do you wish to proceed?

**Ms Susan Himel:** I would like to make some introductory remarks, if I could, and introduce our staff, who are going to do a brief overview for committee.

**The Chair:** Please proceed.

**Ms Himel:** My name is Susan Himel and I'm the assistant Deputy Attorney General in charge of the social justice services division at the Ministry of the Attorney General. I'd like to make some brief introductory remarks to committee and I would like to introduce the staff who are here to brief you on and give you an overview of the legislative provisions that are before you.

As you've just heard, the Attorney General has given you an overview of the purpose of the legislation and has outlined for you the three critical building blocks that form the new Family Responsibility Office, and has outlined for you the 10 new enforcement measures and other tools which will make a difference in the collection of child and family support. I would just like to give you a very brief contextual background to the legislation, and then you will be given a more detailed overview of the provisions.

As you are aware, in June 1985 the Support and Custody Orders Enforcement Act was first introduced and the goal of the government at that time was to enact legislation that would provide justice for children and women by ensuring that they received the economic security to which they were entitled. The legislation was later proclaimed, in July 1987, and the support and custody orders enforcement program was established. The

mandate of the program was to enforce support orders and contracts entered into between the parties, together with the enforcement of custody orders. All support orders made in the province were automatically filed with the program for enforcement. Recipients were free to opt out and opt back at any time.

In March 1992 the legislation was amended and renamed the Family Support Plan Act. While recipients continued to be able to withdraw their support order, they were unable to withdraw their support deduction order from the program. This legislation saw the introduction of a new tool, the support deduction order. The enforcement tools available under the Family Support Plan Act then included the automatic wage deduction tool, informal discussions, garnishment, seizure of assets, liens and default hearings, and possibly jail for payors who were not living up to their support obligations.

Despite the existence of these measures, there were certain deficiencies and loopholes, which the Attorney General has just outlined for you. The new legislation is designed to provide more effective enforcement tools and allow the program to focus on cases which require services the most.

There are four major themes to the legislative provisions. I will just briefly outline the four major themes.

The first theme has to do with the question of allowing the program to focus its resources and expertise on problem cases and to provide services to those who need the services most. This will be done by providing that all court orders will continue to be automatically filed with the program but will allow recipients and payors who agree to withdraw from the program and arrange for payments to be made directly between them. You've heard the provisions that will provide safeguards to those people where there are circumstances where a judge believes the order should not be withdrawn from the program.

The second major theme is that the existing enforcement tools do not really reach intermittently employed and self-employed defaulting payors, so the new tool of driver licence suspension and the tools of reporting to credit bureaus, registering support orders as security under the Personal Property Security Act and other such tools will achieve the result of reaching self-employed and intermittently employed people who were not caught by the automatic support deduction scheme.

The third main theme is that even the best enforcement tools cannot be effective unless the payor and the payor's sources of income and assets can be located, so we will now expand the opportunity to get further information from payors so that the program can take the necessary enforcement action. We can then expand access to provincial and federal data banks to obtain better and more timely information.

The fourth main theme is to try and close the loopholes that exist in the legislation in allowing payors to evade enforcement actions commenced by the program, which is done through the sheltering of assets with third parties and in joint bank accounts which are not subject to garnishment. The solution is that under the new legislation, the program will be able to garnish 50% of money held in joint bank accounts, and the new legisla-



tion will allow, where a person has sheltered money with a third party, to gain access to financial information and to receive an order of the court in order enforcement take place against the third party. Those are the four major themes of the legislation.

I'd now like to introduce the staff who will be present for you and will outline for you a more detailed overview of the legislation. On my right is Ken Goodman, who will review the legislative provisions dealing with the structural issues that have been highlighted for you. On Ken's right is Tina Riley, who will review the legislative provisions dealing with enforcement, and on my left is Shanthi Weerasekera, who is here to answer any questions about the operational transition issues that may be raised.

Ken, I'd like to turn things over to you.

1640

**Mr Ken Goodman:** Bill 82 replaces the Family Support Plan Act. Those provisions of the Family Support Plan Act which remain have been reorganized for clarity and ease of reference. That is why an act which was previously 14 sections is now over 70 sections in length.

What we will be covering this afternoon are the new provisions. The new name is established under section 2 of Bill 82. It replaces the family support plan with the Family Responsibility Office. There will be a director of the Family Responsibility Office, and she or he, under section 5 of the act, has the duty to enforce support orders that are filed in the director's office.

Bill 82 also provides in section 12 the prompt and automatic filing of every support order and support deduction order made in an Ontario court with the Family Responsibility Office.

The act also provides in section 16 a mechanism which enables voluntary withdrawal from the program if both the recipient and the payor consent. If the parties agree to withdraw, both the support order and the support deduction order are withdrawn from the office for enforcement. This is established under subsection 16(5).

Any withdrawal must be with the consent of the Minister of Community and Social Services if the support order and the related support deduction order are assigned to the ministry. Subsection 16(5) provides that the support recipient and the support payor can withdraw an active support order which is no longer assigned to the Minister of Community and Social Services, and the program is still able to enforce any arrears which remain owing to the ministry.

Under the terms of subsection 16(6), either party, the recipient or the payor, can refile with the Family Responsibility Office.

I'd just like to clarify the issue with respect to fees. If on the making of a support order the parties consent that there be no filing with the program and they withdraw, and the recipient should decide at a later date to come back, there will not be a charge for that initial return to the program. The provisions in the regulation-making power in 63(i) provide that there is an opportunity to charge a fee when there has been repeated opting in or opting out of the program. So it is not to cover a situation where there's an initial decision not to be in the program and then to come back in, but if there are

situations which involve repeatedly coming in and coming out, at that time there'll be a regulation-making power to charge an administrative fee, and I'd like to clarify that it is an administrative fee and not a penalty.

In subsection 9(2) the court has the authority in appropriate circumstances to order that the support order and the related support deduction order be enforced by the program and not be withdrawn. This is a power that the court can make on its own initiative. It is anticipated that such orders will be made at the time when the court is making the initial support order. It's generally based on the evidence or information that's presented to the court during the deliberations in determination of the amount of support.

The section is very broad, and that's to allow for judicial determinations to determine how it should operate. This section, however, is subject to the program's authority under section 7 to cease to enforce support orders in the appropriate situations. That is contained in subsection 9(3).

Subsection 7(1), on which I believe we've had some substantial discussions from the Attorney General today, states that the Family Responsibility Office may refuse to enforce a support order or support deduction order in cases where enforcement is impractical or unreasonable.

Under the existing provisions of the family support plan and, before it, the Support and Custody Orders Enforcement Act, subsection 2(2), provided that the director, family support plan, had the duty to enforce support orders. That obligation was to be carried out in a manner, if any, that appeared practical. The provisions in subsection 7(1) of the types of cases where the director will have the option to consider ceasing enforcement codifies the existing practice where the family support plan has been administratively closing cases.

Subsection 7(2) authorizes the Attorney General to establish policies and procedures concerning the operation of subsection 7(1).

Subsection 16(6) states that if a support order and/or a support deduction order that has been resolved was withdrawn as a result of the operation of section 7, it can be refiled at any time by either party. There's actually codification in section 16, the right to refile even if enforcement has been ceased under section 7.

Section 7 also goes on to deal with cost-of-living adjustments. These are contained in subsections 7(4) to (7). This provides that the Family Responsibility Office will enforce cost-of-living adjustment clauses which are in accordance with the Family Law Act, and these are the only types of cost-of-living adjustment clauses that will be enforced. Any COLA adjustments completed prior to proclamation will continue to be enforced, but if the COLA is not in accordance with the Family Law Act, no further adjustments will be made by the program.

Subsection 8(2) provides that the director will no longer enforce cases upon receiving notice of the support payor's death. The effect of this is that upon death of the support payor, the involvement of the Family Responsibility Office will cease.

There has also been a change in the definition of support orders contained in subsection 1(1). The existing provisions of the Family Support Plan Act which dealt



with the definition of support include many provisions in the nature of property such as exclusive possession of the family home. The definition of support orders in subsection 1(1) has been amended to focus on support orders which deal with the payment of money directly to support recipients.

In addition, the Family Responsibility Office will no longer be enforcing custody orders. Subsection 6(5) provides that the director will no longer enforce custody orders filed with the program. The director's office will continue to act as an information and referral service on the issue of domestic custody enforcement.

Section 4 deals with the assignment of director's powers. Section 4 permits the Attorney General to assign any power, duty or function of the director. Section 4 is flexible enough to accommodate any number of differing arrangements. Any assignment under section 4 must be made by the Attorney General and not the director, and in addition must have the approval of the Lieutenant Governor in Council. Any assignment made under section 4 can be subject to the limitations, conditions and requirements as approved by the Lieutenant Governor in Council. Section 4 also goes on to provide that an assignee can be exempted from the provisions of clause 22(a) of the Collections Agency Act, which states that no more than the maximum amount of the debt can be collected from the debtor. This will allow for the option of charging the fees to the debtor for collecting outstanding child support debts.

I'd like to turn to Ms Riley, who will deal with the enforcement provisions of the legislation.

**Ms Tina Riley:** I'll first deal with driver's licence and motor vehicle permit suspension. Under part V of the bill, when a support order that is filed in the director's office is in default, the director may direct the registrar of motor vehicles to suspend the payor's driver's licence. Before a payor's driver's licence is suspended, the payor will be given 30 days during which the payor can pay the arrears or enter into a payment arrangement with the director. Within the 30 days, a payor will also have the option to ask the court for an order refraining the director from suspending the payor's driver's licence. The refraining order can only be made within the context of an application to vary the support order and terminates the earlier of the day the application to vary is determined or six months after the refraining order is granted. A court that makes a refraining order must state the amount of the arrears owing when it determines the variation application. The court may also make an order respecting how the arrears will be paid. A refraining order can be extended only for one further period of three months.

If within two years of a payment arrangement or a court order being made the payor defaults on the arrangement or the court order, the director may send the payor a second notice informing the payor that his or her driver's licence may be suspended. The second notice will give the payor 15 days as opposed to 30 days to comply. If a payor defaults on an arrangement resulting from a second notice, the director can notify the registrar of motor vehicles to immediately suspend the payor's driver's licence.

It is important to note that the suspension of motor vehicle permits will come into force at a later date than the driver's licence initiative. This will permit the proper computer systems to be put in place.

#### 1650

A similar suspension system will apply to motor vehicle permits. A motor vehicle permit can only be suspended if it is for non-commercial use and the portion of the permit that is being suspended is owned solely by the payor and not by the payor and a second party.

The next initiative I'll deal with is third parties on a default hearing. A frequent problem encountered by the program is payors gifting or transferring assets for no consideration to third parties, who are often relatives or close business associates, to avoid support enforcement. The program will often bring a payor before the court on a default hearing and show that while the payor's financial statement shows no assets, the payor is living at a great standard of living and previously had significant assets.

The court does not currently have the power to order that third party to provide evidence in this regard. This left the court and the program with little ability to uncover or prevent the sheltering of assets in this manner. Under section 41 of the bill, however, the court will have new powers in relation to third parties on a default hearing. Where there is some evidence of sheltering, the court may order a person who is financially connected to the payor to file a financial statement or to be added as a party to the default hearing.

If the court is satisfied that a person who is made a party to a default hearing sheltered assets or income of the payor such that enforcement of the support order was frustrated, the court may make any order against that third party that could be made against the payor except incarceration, and up to the value of the sheltered assets or income. For the protection of the third party, subsection 41(20) provides that a financial statement or other documents filed by the third party will be sealed in a court file.

The next initiative I'd like to deal with is garnishment of joint bank accounts. Hiding funds in a joint bank account is one of the most common and easy methods support defaulters use to shield assets from support enforcement. As a result of a 1991 court decision, the program cannot garnish joint bank accounts. Bill 82 remedies this problem. Under section 45 of Bill 82, the director can garnish up to 50% of the money held in a joint bank account where one of the account holders owes support arrears. Where the bank notifies the director that the funds are in a joint bank account, the director would hold the funds for 30 days. The director may release the funds after 30 days unless the non-debtor joint bank account holder files a dispute with the court, on notice to the director, claiming ownership of the sum seized under the garnishment. At the court hearing, the onus would be on the non-debtor joint bank account holder to prove ownership of the funds. The non-debtor joint bank account holder may also bring a private action against the debtor, which the director is not involved in, to recover any part of the garnished funds.



The next initiative is reporting to credit bureaus. The director is authorized under section 47 to report payors who are in arrears to consumer reporting agencies. Registering debts with a credit bureau is a common method of collecting debt. By notifying potential creditors of an existing obligation, the registration could prevent the debtor from obtaining credit, which may encourage debtors to pay up on the arrears.

Section 46 of the new act requires that support arrears be paid from lottery winnings of \$1000 or more prior to distribution of the winnings to the support defaulter. This ensures that the payor cannot benefit from a large windfall when child support is outstanding.

Under the Family Support Plan Act, the FSP can currently register a support order as security for the payment of support against any land in which the pair has an interest. There is currently no ability for the family support plan to register the support order against a payor's personal property. Section 43 of the new act permits support orders to be registered as security against the payor's personal property. Security of personal property is done by way of registration of the financing statement under the PPSA, the Personal Property Security Act, which allows for seizure of the property on default. The Family Responsibility Office will take priority over unregistered interests and interests registered subsequent to the FRO registration.

The next initiative is access to information. Support enforcement depends in large part on having an efficient, timely and cost-effective manner of locating and obtaining information about support payors. Section 54 gives the director expanded powers to obtain information about support payors. Under the Family Support Plan Act, the program could obtain from any person or public body information that is shown on a record in the person's or body's possession or control that indicates only the place of employment, the address and the location of the payor. The FSP had no ability to obtain information about the payor's wages, salary, income, assets and liabilities. Section 54 of the new act permits the director to obtain from any person or public body information that indicates not only the employer and place of employment, but also wages, salary, other income, assets, liabilities, address and location of the payor or payors. The director will also have access to records in the possession of a ministry, agency, board or commission of the Ontario government in order to search for the same types of information.

Clause 54(1)(c) gives the program the ability to enter into agreements with any person or public body, including the federal government, which you heard about earlier, to permit the director to have on-line access to payor information.

We've also made some important changes to the definition of "income source" in subsection 1(1) of the act. Currently the Family Support Plan Act defines income source as an individual, a corporation or other entity that owes "periodic payments at regular intervals to a support payor." An income source, for your information, is usually an employer. This definition has limited the program's ability to use the support deduction plan to reach anything other than income flowing on a regular and periodic basis. This has excluded whole categories of

payments that are similar to the payor's wages. Examples of this include lump sum payments such as severance, dividends and salary advances. The new act changes the definition of income source for the purposes of the support deduction plan and includes things like irregular periodic earnings and lump sum earnings.

The definition of income source has also been amended so that, similar to garnishment, the Family Responsibility Office can attach 100% of the payor's income tax refund, which you also heard about earlier.

These changes result in more consistent treatment of lump sum and periodic payments and of payors receiving irregular versus regular employment earnings.

Bill 82 makes a number of improvements also to the support deduction plan. First, it corrects an oversight in the 1992 act. The Family Support Plan Act provided that a payor may apply to court to reduce the amount that is being deducted from his wages for support arrears. The Family Support Plan Act did not, however, permit the director to ask the courts to reinstate the original amount when the payor's circumstances changed for the better; for example, when the payor got a higher paying job or got full-time work. This was an oversight that is corrected in Bill 82.

Second, under the Family Support Plan Act, the total amount that can be deducted from a payor's wages for support cannot exceed 50% of the net amount owed by an employer to the payor. A problem arises where the monthly support order is greater than 50% of the payor's net monthly wages. This means the payor automatically goes into arrears for the accumulated monthly difference between the support order and the amount that's being deducted from his or her wages.

Subsection 23(2) of the new act remedies this problem by providing that the amount deducted from a payor's wages should be the same as the amount of the support order unless the court orders otherwise. Furthermore, for existing orders, the director can bring a motion to court to increase the amount being deducted from a payor's net wages to meet the level of ongoing support. This is set out in subsection 23(4) of the new act.

Section 4 of the Creditors' Relief Act gives priority to support orders over other judgement debt. When the sheriff receives moneys as a result of an enforcement process, support orders have priority over other judgement debts currently if the order is for periodic payments only in an amount not exceeding one year's support if the order is for lump sum payment in the full amount of the lump sum. Since the majority of support orders enforced by the program are for periodic payments, the plan only receives one year's worth of arrears and loses the opportunity to realize on the full amount of the arrears.

**1700**

Under section 66 of Bill 82 support orders are always given priority over other judgement debts under the Creditors' Relief Act for the full amount of the arrears owing.

Section 48 of the Workers' Compensation Act provides for garnishment of compensation payable to a worker where the worker owes support arrears. Under section 48 the family support plan was able to receive a portion of the compensation payable to workers in each periodic



payment made to them. However, it is possible, under the Workers' Compensation Act, for a worker to receive lump sum compensation payment. Under subsection 7(1) of the bill the Workers' Compensation Act would be amended so that if a parent is receiving a lump sum instead of a periodic payment from workers' compensation, the director will be able to garnish that as well.

That's my overview. Thank you, Mr Chairman.

**The Chair:** Thank you. Is that the end?

**Ms Himel:** Yes, it is. Are there any questions?

**Mrs Boyd:** Thank you all very much for the presentation. I'm well aware that these are a lot of measures, which you've worked long and hard on for years. I'm sure you're quite relieved, as people trying to deal with the plan, that some of these are going to come into place.

The only concern we have around the enforcement measures themselves is the legal advice you received about how likely they are to be upset by a court or suspended by a court during an appeal procedure. That certainly was the legal advice we got about joint property and joint bank accounts. I would like to hear from you, Tina, or your colleagues, what legal advice you have received.

**Ms Riley:** As the Attorney General stated earlier, we feel confident that we could successfully challenge or defend any challenge brought to these sections. They've been structured in such a way as to minimize any constitutional challenges.

**Mrs Boyd:** On the issue of the kinds of orders you will no longer enforce, those that can be interpreted to be property provisions under the Family Law Act, first of all, can you tell us how many there would be?

Many of these would probably date from around 1986-87 just after the changes in the Family Law Act, when there was an encouragement on the part of lawyers in the courts to try and deal with the exclusive possession situation and so on. Do you have any idea how many orders that currently exist, that are currently on the books, simply will not become part of the plan when this section comes into effect?

**Mr Goodman:** I don't have any number of orders that will no longer be enforced by the plan. The orders that would most likely be affected are those that would simply provide for reimbursement of certain expenses and coming in with receipt payments at that point in time. They would have to be valued and reviewed by individual case when we look at those cases. I don't think there's any way to identify the number.

A number of the other provisions which were no longer incorporated as support were types of orders that we really weren't able to do anything with in the first place, so we didn't deal with them, such as exclusive possession of the matrimonial home. I think the intention has always been that we should do the collection of money and paying it out and dealing only with actual property issues. We were never able to deal with that kind of enforcement.

**Mrs Boyd:** So where an order provided for the payor to pay a mortgage on a home that's under exclusive possession, that's just lost?

**Mr Goodman:** If the payments are being made directly to the third party and not going to the support recipient.

**Mrs Boyd:** Have you any idea how many dollars that are currently in that amount, which you talk about not being collected by the plan, would be in that category?

**Mr Goodman:** No, I don't.

**Mrs Boyd:** Could you get that information? The Attorney General has said on a number of occasions that he expects somewhere between \$450 million and \$500 million of what is currently listed by the family support plan statistics as outstanding, arrears that are outstanding. It's really important for us to get an idea of what those amounts are and how this bill will impact upon those amounts, which are owing to women and children for the most part.

**Mr Goodman:** I anticipate that the effect will be really minimal because most of the provisions were, as I was saying, the types of provisions that were not being enforced under the old program, because we couldn't deal with it. I don't know whether there's any way for the system to identify anything specifically, so I don't know if there's any way of indicating the information on that basis.

We do not now enforce payments directly to a third party. We're still enforcing them, through the program, directly to recipients. That's why I think the change in the definition of support will probably have a minimal effect on the cases we currently have.

**Mrs Boyd:** Then where does the \$450 million to \$500 million the minister says he wants to be able to — he said today he didn't want to be able to write it off, but he has said in the House that closing these cases means that this amount of money would no longer be owing. Can you explain to us what that is?

**Mr Goodman:** That does not relate to the definition of support orders being property division, the \$451 million or whatever figure that is, with respect to uncollectible. I think a portion of that would relate to cases where the payor has died and we have no effective enforcement measures to deal with that. A number of cases may be situations where the courts have ordered a suspension of all enforcement. We have situations where we continue to show arrears on the system, where support will continue to accrue, but we have no ability to take any steps because there are court orders preventing us from taking action on those cases.

There also might be situations, and I can't be certain of this, where they may have identified some of the administratively closed previous cases where no steps could be taken to enforce it, so a portion of that may be included in there. Section 71 includes as one of the enumerated subsections that if the court has made an order suspending enforcement, then we would cease enforcement in our case. That would allow us to be effective in the other cases as well and deal with what we have.

**Mrs Boyd:** But when a court orders suspension, it may be because of the particular circumstances of the individual at that moment, and that is why the provision has been there for the arrears to accrue, because it's still owed to those children.

**Mr Goodman:** Correct.

**Mrs Boyd:** The notion there is that if the person then begins to earn, they owe that much money and they have



to start paying that much money. You're saying in this case that you would close those files where that has happened and then it would depend upon the recipient to come by some information that the person was employed. The real concern here is that there is every incentive for people to flee the jurisdiction. We have all answered letters from people who know that their partner has quit his job and gone on welfare to keep from paying the support; we've all seen those. What is there in your proposals that is going to prevent a wholesale encouragement for people to evade payment even further if they know that their file will be closed eventually?

**Mr Goodman:** First, the difficulty with respect to court orders where there is an order suspending enforcement relates to cases where, until the court order itself is changed, there can be no enforcement by the program. In those situations it would involve, generally, the support recipient to take some steps to have that support order changed which deals with that. If the suspension order is only for a time-limited purpose, I do not envision, in those cases, that you would actually be ceasing to enforce if you're looking at a time period. The difficulty is with these general stays of enforcement on cases which are adjourned sine die, which often are made in the midst of variation applications and for whatever reason the variation application is never heard and continues to remain outstanding. In those cases the plan is ineffective, we are not allowed to take any action and there will be steps needed to take care of that.

**Mrs Boyd:** The real worry is that with the change in the federal law there are likely to be hundreds and hundreds of variation applications very shortly. Our real worry is that this provision would impact very negatively on women and children in particular. Because of the change in the federal income tax, things could be suspended for that period of time. Given the situation with courts administration in this province, this becomes a very serious issue.

1710

**Mr Goodman:** We were dealing with amendments to the enforcement legislation itself, so we weren't able to deal with the variation processes. One of the things we did to address that very concern: If you look at the driver's licence suspension mechanism we had set up, there is included a right for a payor to apply to the court for a refraining order. One of the terms in our legislation is that we're requesting the court to consider making up conditions to the granting of that refraining order such as making payments, making a payment on the arrears or maintaining some sort of regular payments as well.

In addition, we have put a time limit on that refraining order for six months, with one possible extension of three months. I recognize that there are situations where the variation proceedings are drawn out and dealt with, so we attempted, at least with our new enforcement mechanisms where we could look at some of these processes, to put something in place which would encourage the parties to proceed with the matter through the court and resolve the issue directly, or at least to put some terms and conditions.

Ideally, when a court makes a suspension order, I would prefer that there be some conditions or terms

attached to it so that if those terms are not met, we could at least take action to enforce those terms or conditions. Unfortunately the problem is when those terms are not there and we have no power to enforce it.

**Mr Preston:** Is there any provision made for a person staying within the program but opting out of the payment stream? For instance, if GM is sending cheques to the plan and giving a copy to the payor, is there provision for GM to pay directly to the recipient and sending a copy to the plan?

**Mr Goodman:** No, there is not. The situation set up in section 16 is that if the recipient and the payor agree to withdraw from the plan, they will withdraw both the support order and the support deduction order payment. If there is a decision to withdraw from the plan, then the support deduction order will in effect be suspended while the parties are outside of the plan program.

**Mr Preston:** Is there any reason for that? Is there any reason it can't be instituted?

**Mr Goodman:** I think one of the major reasons is that you would be looking at especially some of your major employers having to make payments not only to their employees but then to make a payment, in addition, to every single support recipient directly. The system under the support deduction order is set up so that you have an employer with a support deduction order scheme making one payment to the program, then the program has the responsibility to disburse those payments to the individual recipients.

**Mr Preston:** In order to streamline the system, could there not be some kind of compensation for a large company that's doing this, preventing the money from coming through the plan and back out to the recipients? It's done electronically. It's not like somebody is sitting down and making out 45 cheques instead of one. Now it's going to take 30 seconds instead of 25. Is there any reason why this cannot be facilitated?

**Mr Goodman:** I can't answer that. I think you're talking about some additional form of electronic disbursement of funds directly to recipients with additional notations to us. One thing that's so important is that we need to have accurate records of the amounts being paid, and I'd be very concerned, if you have people within the program and having the payments going directly to recipients, that our records would not be accurate. There's nothing in this legislation that would allow that.

**Mr Preston:** We're talking electronic.

**Mr Goodman:** Yes.

**Mr Preston:** We're talking about a person sitting down there and pressing a button which says they've sent \$300 that way and they inform you that number 526 has gotten \$300, or they send the money to you and they tell the employee that they've sent it. Electronically, there's no difference. It's just that the money is going to go directly to the recipient and you're going to be informed of it rather than getting the cheque. It's going to come out on your computer. It says, "This has been paid," instead of "This is what you've received."

**Mr Ramsay:** Put an amendment and I'll support it.

**Mr Preston:** There's no extra equipment needed.

**Mrs Boyd:** Yes, there is. The system can't bear that.

**Mr Goodman:** We can check with the operational people. There is nothing in this legislation that would allow that, but I think there are concerns with respect to conditions and court orders in place, the monitoring of the payments going through and the accuracy of the amounts going through too. We check with them, but I can't answer that question.

**Mr Preston:** I've sent a form to your office. Do you know the form I sent?

**Ms Himel:** Yes.

**Mr Preston:** Would you take a look at that and get back to us about whether it's feasible?

**The Chair:** We have four and a half minutes.

**Mr Guzzo:** I think my question would probably be addressed to Ms Riley. I would like you to look, if you would, at 41(9) of the act and tell me whether in your opinion that's a reverse onus. Let me read it to you:

"Powers of the court

"(9) The court may, unless it is satisfied that the payor is unable for valid reasons to pay the arrears or to make subsequent payments under the order...."

On whom rests the onus?

**Ms Riley:** Subsection 41(9) is the powers the court has on a default hearing. That is actually — I'm just reading it quickly — something that was in the current act that had no change by Bill 82. I would hesitate to offer legal advice in this forum. I can report back to you if you like.

**Mr Guzzo:** The original act, going back to 1984, placed a reverse onus. There was some tinkering with it and some debate with regard to subsequent amendments. What's your intent right now? Is this not a perfect situation for a reverse onus?

**Ms Riley:** I'm sorry, I'd have to report back to you. I would not want to give legal advice right now at this moment. I would want to look at the cases, if there have been cases on the section etc.

**Mr Guzzo:** Thank you. I don't really require anything back.

**Mr Tilson:** Just a brief question. With respect to some of the new enforcement measures, particularly the reporting of cases to the credit bureaus and the prevention of sheltering of assets, those sorts of things, some of these issues may be of concern to Mr Wright, the privacy commissioner. Have you had any discussions with Mr Wright or his people, his office, and can you tell us whether he has expressed concern about any of these provisions?

**Ms Riley:** We have had ongoing discussions with the privacy commissioner and we're continuing to have those discussions with an aim to resolving any and all issues that have been raised. Those issues will come out when we do the motions to amend.

**The Chair:** If there are no further questions by the government, we'll proceed to Mr Ramsay. You have eight minutes.

**Mr Ramsay:** I want to go back to section 7 of the bill which says, "The director may at any time refuse to enforce a support order," and then gives varying reasons why the director could do that. I know the Attorney General, when he was here, said he would be open to some amendments or even maybe the deletion of clause 7(1)(d) "arrears of long standing are owed under the

order." I certainly would welcome that because that's a concern. But I want to ask about that. If this were to pass and the director decided to no longer enforce those arrears, does that wipe out the legal obligation or does it just mean the plan's not going to enforce it?

**Mr Goodman:** No, it would mean the plan would not enforce it. The Family Responsibility Office would have no authority to rescind any arrears owing to a recipient or to the Ministry of Community and Social Services if that order is assigned. So it has no legal effect on the obligation itself, it only deals with the enforcement.

1720

**Mr Ramsay:** Switching to what's going on currently, I was wondering if I could have the latest information as to moneys coming in and disbursements going out. I read in the weekend paper about Thursday's incident with the computers. Where are we today? How are we doing with money coming in and disbursements going out? Are we catching up at all since October?

**Ms Shanthy Weerasekera:** I believe the approximate amount is about \$11,000 going out, but I need to confirm that.

**Mr Ramsay:** Eleven thousand?

**Ms Weerasekera:** Some \$11 million disbursed.

**Ms Martel:** Since when?

**Ms Weerasekera:** For the month of November, but I will confirm that.

**Mr Ramsay:** We would still be looking at amounts of around \$28 million coming in? Has that fairly well changed? Receipts in October of this year were \$28.7 million.

**Ms Weerasekera:** I'd like to confirm those numbers for you tomorrow.

**Mr Ramsay:** Okay. If I could just ask you a few questions about the plan, if there was a plan. What really puzzles us, because of all the pain that's been caused by this, is exactly what plan you had in mind when you wanted to streamline the organization. We hear all the stories about the office not being open yet, not up and running yet, and the regional offices were closed. We've heard the stories about the boxes and the files. Could you just give me an overview of what the plan was? The idea was to try to streamline it, because I know it wasn't running all that well and you wanted to make it better. So I wouldn't mind just an overview of what the plan was and what you were attempting to do.

**Ms Weerasekera:** The plan involved centralizing the eight regional offices to one office in the Downsview area, to consolidate that. That had to happen in an orderly way and also over a period of time. We couldn't close all those down at the same time. We had to lay off staff in accordance with the collective agreement, give them appropriate time to make decisions, and we had to also hire new staff as a lot of the staff from the regional areas were no longer staying with us.

It was a plan that started in August. It was approximately a six-month plan for the consolidation into Downsview, a plan that went from August to March, for the entire transition, and it basically went in various stages. So far the moves, the construction and the consolidation have gone according to schedule. Phase 1 was open in early October, with part of the operation operat-



ing out of Downsview but most of it operating out of our Toronto regional office. The operations are being transferred in an orderly way up to Downsview, have been over the last month and will be over the next few weeks as well.

**Mr Ramsay:** I find that's an incredible statement you've just made. You tell me you had a plan, and actually it's been staged and it's going according to plan. What's the problem? I think the evidence is that, however bad it was before, it has gotten worse since the implementation of this plan.

**Ms Weerasekera:** There were definitely problems before. Most of the problems related to getting payments in on time, processing those payments. We did have delays of a day or two when we closed regional offices down and cheques were rerouted through Canada Post to us. But in terms of processing, we are on top of that. There are no delays in that area.

There are problems if payors do not identify clearly on the cheques who the payment is for. If they don't identify their case number then we certainly have problems, because we have to then take that cheque aside and identify it. In the various regional offices we were taking up to a week to process cheques before. We're now processing all payments between 24 to 36 hours.

**Mr Ramsay:** What I really don't understand is that —

**Mr Tilson:** On a point of order, Mr Chairman: This committee is reviewing Bill 82. My question to you, as Chair, is how far you will allow debate on something that goes beyond what this bill is, in other words, the transition stage of changing the system from a decentralized system to a centralized system. This bill is really with respect to enforcement. It's obviously a series of questions that Mr Ramsay is developing that go beyond the purview of this bill.

**The Chair:** I'm sure we'll deal with this subject again, Mr Tilson, but I do not think —

**Mr Tilson:** It may well be this is an appropriate topic for the committee to discuss, but now we're discussing —

**The Chair:** I do not think it is in my authority to delineate Mr Ramsay's questions, or evidence given by individual witnesses, which no doubt we're going to be bumping into along the way.

**Mr Tilson:** With respect, Mr Chairman, Mr Ramsay must stay on topic. The purpose of this bill is to talk about enforcement, and Mr Ramsay's getting on to other topics.

**Mr Kormos:** Administer some Novocain.

**The Chair:** I'm sorry, Mr Tilson, I cannot agree. I find that the implementation and the history of what has occurred up to that bill is part of the deliberations in dealing with a new bill.

**Mr Ramsay:** Thank you, Chair. I really feel this does relate directly to this bill. What I'm concerned about is, with the greater enforcement mechanisms that I support in this bill, I want to make sure the mechanism is in place in order that it can be enforced and carried out.

Moving on then to where we are today, you're saying you are now processing cheques with a turnaround of around 36 hours?

**Ms Weerasekera:** Yes, 24 to 36 hours.

**Mr Ramsay:** Does that mean now we're totally caught up? Or with this acceleration, when do you predict you'll be caught up and be current with the money coming in and money going out?

**Ms Weerasekera:** The money coming in and money going out is being processed. When I say 24 to 36 hours, all that money that can be then sent out is. Any money that is held back because of what I said earlier, because there are problems and we need to do further work to identify it, those are usually cleared within a couple of days, unless there is a reason that it has to stay in the expense account; for instance, there is a court order that says no moneys go out. But we are caught up in that area.

**Mr Gravelle:** How much time do we have?

**The Chair:** You have one minute, Mr Gravelle.

**Mr Gravelle:** If I could just ask one quick question, I know when I met with the minister back in the late summer — this is when the problems were really cropping up. The problems seemed to be when the regional offices were closed and the Royal Bank, I believe, took over the processing. It became clear that there were not enough staff put on by the bank to handle the process at the time. I think that was more or less acknowledged as being part of the problem. So I guess in terms of the smooth transition, again, I was somewhat speechless too, because probably that wouldn't be described as a smooth transition, I presume. It was a problem that I know the minister and the staff who were there said they were going to correct at that time. I wonder whether one would say that indeed it was corrected as quickly as they thought it was and whether that problem is now over.

**The Chair:** Unfortunately, the time is up on that topic. I'm sorry.

**Mr Gravelle:** Mr Tilson took some time.

**The Chair:** I allowed for that as a matter of fact. I provided one minute extra for your time.

**Mrs Boyd:** Mr Chair, this is just a request before the staff leaves. There was some discussion about getting statistics. One of the problems we've had is that the statistics that have been provided by the plan are incomplete. We do not have them for June, July, August or November. I wonder if we could make a request to the staff to give us the statistics from November last year to November this year, inclusive, for each month, so that we can look at the operation of the plan.

**The Chair:** Is that possible?

**Mrs Boyd:** November 1995 through November 1996. The minister in the House said there were \$20 million disbursed and the staff member said \$11 million. I think we need to have the firm statistics so that we know what's going on when people come in front of us and talk about their experience with the plan.

1730

**The Chair:** Is the question understood?

**Ms Himel:** I just want to make sure: The statistics from November 1995 through to November 1996 on a monthly basis?

**Mrs Boyd:** Yes, on the regular statistical form that we usually obtain but could not obtain for some of those months.

**Ms Himel:** I don't know whether it's possible to do it within this time frame but I will try to do that.

**Mrs Boyd:** We have them for September and October, so we certainly should be able to get them for June, July and August at least, if you can't do them for November. But the minister must have had something to base his comments on in the House that you had received X number of dollars and disbursed \$20 million. He must have had some figures.

**Ms Himel:** Yes.

**The Chair:** Thank you, Mrs Boyd. An attempt will be made by the staff to report back to us prior to the end of our deliberations on December 9. I thank you very much for attending here today, but we are now creeping into our next presenter's time.

**Mr Klees:** Just very quickly to the staff who undertook to get back to my colleague Mr Preston with a detailed explanation of why his proposal would not work or why it can: I would like to request that I and all members of the committee receive that as soon as possible. I'm very interested in following that up.

**The Chair:** Thank you again for your presentation, and —

**Mr Bill Flores:** Excuse me, Mr Chairman. There seems to be a misunderstanding here. Mr Arnott assured me that Kids Need Both Parents was going to be heard today, and we are not here, nor any other of the men's and children's rights organizations. Would you please clear this to us?

**The Chair:** I understand from the clerk, sir, that this is not correct. You have not yet been scheduled into it. Perhaps the clerk can speak to you and deal with that matter.

#### FAMILIES AGAINST DEADBEATS CHILDREN AGAINST DEADBEATS

**The Chair:** Right now we are dealing with two organizations, Families Against Deadbeats and Children Against Deadbeats. Renate Diorio, Heinz Paul and Samantha Diorio, welcome. Sorry, we're running a little bit behind time and we must adjourn by 6, so we have 25 minutes for you, and I would ask you to proceed with your presentation.

**Ms Renate Diorio:** Good evening, ladies and gentlemen. My name is Renate Diorio, founder of Families Against Deadbeats. I stand before this committee today to detail how the Family Responsibility and Support Arrears Enforcement Act, 1996, Bill 82, will benefit single parents not receiving support, but most significantly the children.

Through our group, FAD, we have over 250 members, and my eyes were opened to the different avenues a non-support payor takes just to avoid paying child support. However, the strict enforcement measures that Bill 82 provides send a clear and precise message that this will no longer be tolerated.

For years we have let the non-support payor lead his or her life, because there are some women out there who are in the same situation, without the worry of getting caught, because they could get away literally with murder by losing themselves in a system that was created just for them.

The defaulter has the upper hand by either threatening to quit a job and/or turning to welfare. I personally know of some men who have not only threatened to but did go on welfare just to avoid paying child support, or even threatened to move away to another province so they wouldn't have to pay support. It is quite clear that they have their own agenda and set of rules.

It is a sorry situation, that we have to ask and depend on a government to forcibly impose a law to compel something that should come naturally, and that is taking responsibility for the children. It is also very sad that statistics show that three out of every four fathers are in default of child support payments. Again the majority are fathers. We speak and hear about child poverty in Ontario, and how tragic for this province, because we are one of the most prosperous provinces today. We produce hundreds of thousands of children who are living in poverty. The numbers could drop substantially if child support payments were enforced, and only by Bill 82 can we see the light at the end of the tunnel for thousands of single parents who had no hope of receiving money.

At this time of year the papers portray daily stories of single parents struggling, with nothing to look forward to but an existence in poverty. It is a bit distressing that we always read about a single mother who struggles with her children, or a single mother who has to cope with a job and still look after her children, or a single mother who is carrying the debts of her spouse that she is left to deal with, yet she still has to take care of her family. What happened to the fathers? Somewhere along the line we forgot that it takes two to create a child, and the emphasis is always placed on the single mother.

There are fathers out there who have to take back some of the responsibility to ensure that the children have at least the basic necessities they are entitled to. It is also very sad that it takes a law to educate fathers who have walked away with little forethought, who have moved in with new partners and started new lives and families without a glance backwards or who move away to another province or country. This is totally against nature, and perhaps we should take a look at some of the animals in the wild kingdom, where there are two parents and the predominant male very rarely deserts the family. So why in supposedly civilized society did this situation get so totally out of control?

Close to \$1 million is owed in family support to women and children, and this amount is increasing steadily, with almost 1,400 cases added on each month. It is visible, by this staggering figure, that something has to be resolved to change the way the FSP has been operating. Improvements to the old system are long overdue, and Bill 82 will produce the formula that is required to force the non-support payor to live up to her or his responsibility.

Through tougher enforcement measures we hope to see the calculation of women forced on to social assistance reduced. In some cases women are working and receiving sort of a top-off assistance to help them get through, but if the support money were paid, the dependency would no longer be required. I think that would ease a little on all of us taxpayers. A substantial amount of money would be saved by the taxpayers. So why on earth, we're asking



ourselves, are we supporting our own children as well as somebody else's children?

We want to draw out the defaulters to bring them back to reality, and the reality is that they have left their children behind in not supporting them. We have to ensure that they come forward. I think, with most of the laws that are coming through with Bill 82, they will have no way of hiding any more.

On a personal note, my husband left me with two children, in March 1993, to pay off existing debts that he had incurred through loans and charge cards and to this day has not contributed one penny to help with his debts or his children. I was unemployed for seven months in 1994, and he never once asked if he could help me or the children. As recently as one week ago I found myself staring at unemployment yet again but I still have to go on supporting myself and my children somehow. I cannot depend on the taxpayer to take over because my husband refuses to accept his responsibilities. I was able to obtain a lawyer one year after his departure, and to this date I have not been in the court system because:

(1) He dodged all court orders to appear before a judge.

(2) He is on welfare, although I know he's working under the table, yet his friends shield him.

(3) My legal aid lawyer is limited as to what he can do for me, and I'm stuck in the system.

(4) My husband does not want to sign over an RRSP that comes due in seven years that his previous employer, CN, has in a closed certificate. He denies his children this money, yet I can pay off his debts for the next several years, struggle with the fact that I am unemployed and still have the responsibility of paying for our two children.

My son turns 18 in March, and there's no funding for further education. My daughter is 13, and there's no hope for her future education. They have goals, just like every other child, but in their case that were snapped away by their father. Had it not been for my parents to help us, my children and I would have been left without a home. My parents are on a fixed income, only collecting government pension, and the strain has left us all financially and emotionally drained. It is not fair that their lives have to be placed on hold to help us while my husband and his family have abandoned us.

The effect of a non-support-paying parent leaves a trail of destruction for the children who are the innocent victims, and it is for my children and all the others who deserve a better start in life without the presence of betrayal and in most cases poverty.

Over the last few months we have heard the Attorney General voice his concerns to crack down on defaulting parents, and Bill 82 provides the teeth to a system that has failed. Through driver's licence suspension, credit bureau reporting, third-party enforcement, garnishment of joint bank accounts, expansion of the definition of income sources, better tracing and locating of defaulting payors, registration of support orders under the Personal Property Security Act, private sector partnerships and amendments to the Creditors' Relief Act, it sends a clear message that all escape routes for these deadbeats will be blocked.

Through our membership a lot of the women in our group — the majority are women but we have some male members — these proposals are going to benefit them in so many ways. First of all, a lot of them are self-employed, so they have to have a driver's licence. They hide their assets. A lot of them have moved in with different partners and everything is written in the new partner's name. All the assets are hidden. There are so many aspects of this that are going to help them, so it's just going to benefit them, and they'll be speaking tomorrow on this too. I thank you for your time.

1740

**The Chair:** Thank you very much. Samantha, do you wish to add anything to that?

**Ms Samantha Diorio:** Good evening, ladies and gentlemen. My name is Samantha Diorio, founder of Children Against Deadbeats. I represent not only the children in my group but thousands of children not getting child support.

Our lives have changed because of the fathers or mothers who have walked away from their responsibilities in taking care of us financially and emotionally. It is sad to see that some of these victims have lost their homes, have less to live on and have to struggle and watch their parents try to make a future for us, the children.

My grandparents are helping my mom, my brother and myself to get by because our father has left us with a lot of debts to pay off. Because he chose welfare, he does not have to pay for us. As we are too young to vote, we are showing our support for Bill 82 by speaking up today. I want to let everyone know how important it is to let this bill pass. Our futures are at risk and we, the children, have every right to be heard. Thank you.

**The Chair:** Thank you very much. Mr Paul, do you have anything to add?

**Mr Heinz Paul:** I have a very short statement. My name is Heinz Paul. I'm the co-founder of FAD and I'm a senior citizen, a grandparent who lives on a fixed pension. When all this occurred I took care of my grandchildren and my daughter. I believe that the family has to stay together. It is very important that we realize what family life means. Family life means not only us, the grandparents on the daughter's side; the grandparents on the other side have to support them too if the former spouse leaves the place.

It is very hard on the children especially, and in most cases — we have over 250 members — the wife was left in debt. She has to pay off the debt. By paying off the debt she takes away money from the children. It is very difficult for the children to cope with this.

We have horror stories. We have letters — if the committee would see them, I can present some letters — suicide notes; they're afraid to talk to the parents, afraid to talk to their mother. They have to go to school counsellors and talk with them or they go to psychiatrists and talk with them, and only very late does the mother find out how devastated these children are.

I received a phone call from one of my members yesterday afternoon. Her husband was underground for many years. He was supposed to be in Maine. He was found in Toronto. He is \$79,000 in arrears. She lost the

condo, she lost everything, and now she lives with four children in a basement apartment. That is a crime. These husbands, in my opinion, deserve to be punished.

This is all I have to say. That lady is going to address you ladies and gentlemen tomorrow afternoon. She's going to tell you the whole thing. Thank you very much for listening to me.

**Mr Tilson:** First of all, I'd like to say to Samantha that many of us see people much older than you come to these committees, and it's tough stuff for them. I congratulate you for coming because I'm sure it's particularly threatening to you. I know I speak for all members of the committee, and we appreciate your coming and offering your views.

My question is to either Mr Paul or Ms Diorio and has to do with the question I asked earlier. With respect to the suspension of drivers' licences, several men in my community have raised the question, "Oh, if we lose our licence we won't be able to work, we won't be able to carry on our job, we may even have to go on social assistance." Do you have a response to the payors who make those comments?

**Ms Renate Diorio:** Are we talking about parents who are paying child support or are we talking about ones who aren't paying child support? If they're working and they have a driver's licence, why aren't they paying support? I don't quite understand. Is it not logical? If they're working and they need their driver's licence to get to and back from work, there is money coming in somewhere. Why are they not putting that money through to the families?

**Mr Tilson:** I don't know. I have to agree with you.

**Ms Renate Diorio:** This is it. This is the most common reaction that we have heard too. To me, it doesn't make any sense. Even from the other groups we've heard, "Well, gosh, if you take my driver's licence away, how am I supposed to work?" Well, if you are working, for God's sake, where is the money?

**Mr Tilson:** You obviously are aware of the enforcement provisions that are being proposed by this bill. In discussions with members of your group — and I don't know how large your group is — have there been any other suggestions, or criticisms in fact, to improve or modify any of the other suggestions of enforcement?

**Ms Renate Diorio:** We want jail time for some of these guys, definitely.

**Mr Paul:** These are the suggestions that we came up with. It is the same thing that we came up with that we presented a year ago when we were meeting you. In January we met with you, and from that day on somebody listened to us. These were proposals from a group think tank. These were proposed through the group. We did it as a group effort. Everybody is strictly committed to this because everybody believes that with these new enforcements there are now tools to get these people.

In regard to revoking a driver's licence, that's fine. You need the driver's licence, pay for the children, nobody's going to revoke it. Make an arrangement. If you are in arrears \$20,000 or so, make some arrangement; arrangements can be made, discussions can be held. We're not going to take them away. On the other hand, if I have a ticket and I don't pay it, the next ticket I get,

the police are going to catch me. I might end up in jail if I don't pay it. These people are going with \$40,000, \$50,000 and \$60,000, like this case; \$90,000, \$80,000, and he's still running around. But I have to go to jail for \$100. It does not make sense. Finally, we may be able to succeed in something.

**Mr Klees:** Are you satisfied that this bill is practical enough in terms of getting at the kind of people you're talking to us about here?

**Ms Renate Diorio:** For the ones who are hiding underground, who are on welfare and who are really laying low, it might be a little difficult because we still have to get these people to surface. But I think the other ones, like the self-employed — there are quite a lot of people out there who are self-employed — and the ones who just don't want to pay, for any reason, I think there's a good chance that it will work for them.

**Mr Klees:** It seems to me we've still got a great deal of work to do. You mentioned the RRSP, for example. This bill does nothing for that, and of course it can't, because that's federal jurisdiction.

**Ms Renate Diorio:** That's right.

**Mr Klees:** One of the things we have to do is really put some additional pressure on the federal government to allow us to reach into RRSPs and other things. Quite frankly, I believe it's unconscionable that people should have assets and their children and their ex-spouses aren't getting the kind of support they should have. While this is a start, let me just say that I for one, and I know my colleagues believe the same, believe it's only a beginning in terms of what needs to be done in this way.

**Ms Renate Diorio:** I agree. But I think, as you say, we still have a lot of work to do, because we still have the real — I call them dirty dogs, the ones who don't want to come forward, because that's what they are. Let's face it, there are a lot of kids involved here, and I see it in my own too. I'm really struggling with them.

**Mr Klees:** Do you feel that you've been listened to by this government in terms of some of the recommendations you've made?

**Ms Renate Diorio:** Yes. We have been very fortunate.

**Mr Paul:** Yes, 100%, because we worked with Mr Tilson. Our MPP helped us get to the government. We worked with the Attorney General's staff. We proposed a lot of the suggestions that came out in the bill. We are on the very bottom, people who never got anything, practically. Somebody did listen to us, and we're really very happy that we can succeed in getting something for the children. I have many grandparents standing behind me. Our purpose is that eventually the grandparents can relax a little bit; right now, we can't. Financially, emotionally, we're completely drained.

1750

**Mr Ramsay:** I'd like to thank you very much for coming before us, for your courage, for sharing all your stories with us. The first comment I'd like to make — and I think Mr Klees has made a very good suggestion, and I'd like to add on that. All of us who get involved with these horror stories are just angered and, in my case, very surprised about how large this problem is across the province. I agree with Mr Klees. There may be some other things we could do. I don't know if this is a precedent or not, but I would certainly support that this



committee would at some time entertain a motion that we would write the federal government to look at what it could be doing, and there's a specific example. I agree with you: Why should a child go without support when some deadbeat is piling up an RRSP? That's wrong, that's absolutely wrong, and there's got to be some mechanism to get to that. If it's not our government here, then let's go to Ottawa and tell them to get on with it.

I am very pleased that you support this bill; we do too. In these hearings we're hoping to hear any other ideas that might be there to make it even better. I think all three parties want to work towards that. I just want to know, is there anything you think we could do even better here, that we could entertain an amendment to make any improvements?

**Mr Paul:** I think our main purpose right now is to get this government working with the federal government. There are a lot of hidden assets in the federal government from these deadbeats. They have RRSPs not only in our case but in many other cases. They have bonds, everything done under federal regulations, because when they get a package, that's where it is. We're not talking \$10,000 or \$15,000. There are hundreds of thousands of dollars involved in these packages. They are all safe for another couple of years, then it becomes legal that we can get them. This is something that has to be done with the federal government. It would be the greatest help.

Also, if the provincial government can get into the tax revenue to get more reimbursement from the taxes, to get a reading of how much they are making, because they have to make a declaration for taxes which is not available at this moment, only under certain circumstances, this would help tremendously. We could save the province a tremendous amount of money in family benefits. We just found out that \$300 million is paid out. We could save that. We don't even know how much is paid in welfare. This all has to be combined.

If you are a young man, you can work. I can prove that there are jobs out there. We have jobs available. There are jobs available, but these men don't want to work because they'd rather go under the table. This is where they hide their money, and that's where the third party comes in. When they hide their money, they're not going to keep it in their pocket, so they put it in the bank under a different name. This is where it comes in. That is what we believe in. This is the strongest thing that ever came out. There is no more hiding. Like I say, we have that case, that one man surfaced already. There are going to be more.

If I understand correctly, in Alberta since the driver's licence thing, they have an 85% success rate. Instead of 77% non-payment here, maybe we can bring it to 85% positive. This is our goal.

**Mrs Boyd:** I'll just be a minute, and then my colleague wants to ask a question. First of all, thank you for coming and thank you for your eloquent presentations the other day at the press conference. They really helped people to understand what the reality is that people are facing.

We have concerns about other parts of the bill, not the enforcement issues, but even on the enforcement issues,

one of the things that you've brought up is very valuable. There need to be some changes to the Family Law Act to deal with some of the issues you've dealt with here. For example, the excessive debt that you've been left with and the issue of pensions, whether they're RRSPs or anything else, in the Family Law Act that is the part of the Family Law Act that has been very difficult to deal with in these cases of separation. Thank you for bringing that forward. That was very helpful.

In your case that you mentioned, Mr Paul, about the person with the \$79,000, that had accrued over a lot of years.

**Mr Paul:** A lot of years, yes.

**Mrs Boyd:** You can understand that our concern about this closure of files is that we don't want those people to get away with it; we want them to be found and for them to be able to attach. We are really hopeful that as we work at this bill we can be sure that that kind of a case won't fall through the cracks with this bill.

**Mr Paul:** That is exactly what it is: If we all work together, believe me, we can bring this province back up to its feet. Right now we need that money. It's not us; the children need the money.

**Mrs Boyd:** The other thing that you should know is, this act allows the Ontario government to interface with the federal government systems, but the federal government has only just passed a law that in fact allows access to those systems, so we are working together with them.

**The Chair:** Mr Kormos, you have two minutes.

**Mr Kormos:** I just want to respond very quickly. One of the first things that was put to you was the business of losing a driver's licence for not paying support and the complaint that will inevitably flow, and that is, "How can I work now that I've lost my driver's licence?" Well, there isn't a drunk driver appearing before a judge after being convicted of drunk driving who doesn't make the same argument, "Judge, I may well lose my job," and that may well be the case, but the fact is that that's a consequence that drunk drivers should face; it's a consequence that husbands and fathers in arrears should face.

Let me ask you this, though: In our lifetime — unfortunately it's the very latter part of mine — we've witnessed really pretty remarkable changes in attitudes about, let's say, drunk driving. It wasn't that long ago when educated, professional people would joke about who drove home drunk the night before, which of their friends drove home drunk from a party. It wasn't that long ago when men would joke about wife beating; it was literally a joke. Some remarkable changes have happened in the last few years about our attitudes.

It seems that the attitude towards fathers in arrears hasn't changed, though, because people are still prepared to assist the father who's the deadbeat. People are still prepared in the workplace, not everybody, to joke about how John Doe got away with only paying \$20 a week and he must have had a really good lawyer.

One of the things I think is interesting is, how do we change attitudes publicly? People have no respect for the drunk driver, by and large; they have no respect for the wife beater. How do we change people's attitudes so that people have no respect for the deadbeat spouse, the

deadbeat father? How do we change that attitude to make it really difficult for these people?

**Mr Paul:** I believe the only change we can make is by educating people to come back into the family, husband and wife and children, grandparents and grandparents. Family life has to be established; it's non-existent right now. Out of four people, three of them are divorced. It is non-existent. We have to educate the people that family is the most important thing. This is what I'm trying to teach people in our group. I'm trying to have town hall meetings, trying to enlighten the public that you have to stick with your family. If two people, if a husband and wife separate, that's fine, they can get along, but it has nothing to do with children. Children still need the father; children still need the mother. It could be arranged in a normal way. You don't have to be abusive.

You mentioned the drunk driver before. A drunk driver right now, the licence is being taken away for 90 days; a non-payor's should be taken away the same time.

**The Chair:** It is now 6 o'clock. Thank you very much for your excellent presentation here today. Yes, Mr Klees.

**Mr Klees:** I believe staff made reference earlier in their presentation to the fact that there are some discussions going on with the federal government around some of these enforcement issues. I'd like to request that this committee be given a status report on exactly what initiatives are being discussed, where we are in those discussions. I think that will allow us to follow up on the suggestion that Mr Ramsay made to see what else this committee could do to either be in contact with, to encourage, to make representation to the federal government to move those discussions forward.

**The Chair:** An excellent suggestion. I need the subcommittee for a couple of minutes after this meeting. This meeting is adjourned till 3:30 tomorrow, and that hearing will go till 9 pm.

*The committee adjourned at 1759.*



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### **STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE**

**Chair / Président:** Mr Gerry Martiniuk (Cambridge PC)

**Vice-Chair / Vice-Président:** Mr Ron Johnson (Brantford PC)

\*Mrs Marion Boyd (London Centre / -Centre ND)  
Mr Robert Chiarelli (Ottawa West / -Ouest L)  
Mr Sean G. Conway (Renfrew North / -Nord L)  
\*Mr Ed Doyle (Wentworth East / -Est PC)  
\*Mr Garry J. Guzzo (Ottawa-Rideau PC)  
Mr Tim Hudak (Niagara South / -Sud PC)  
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\*Mr Gary L. Leadston (Kitchener-Wilmot PC)  
\*Mr Gerry Martiniuk (Cambridge PC)  
\*Mr John L. Parker (York East / -Est PC)  
\*Mr David Ramsay (Timiskaming L)  
\*Mr David Tilson (Dufferin-Peel PC)  
Mr Bud Wildman (Algoma ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Mr Michael Gravelle (Port Arthur L) for Mr Chiarelli  
Ms Shelley Martel (Sudbury East / -Est ND) for Mr Wildman  
Mr Peter L. Preston (Brant-Haldimand PC) for Mr Hudak

#### **Also taking part / Autres participants et participantes:**

Mr Peter Kormos (Welland-Thorold ND)

**Clerk / Greffier:** Mr Douglas Arnott

**Staff / Personnel:** Ms Susan Swift, Legislative Research Service











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